Supreme Court of the United States

OCTOBER TERM, 1973

No. 73-38

UNITED STATES OF AMERICA,

Appellant,

—v.—

MARINE BANCORPORATION, THE NATIONAL BANK OF COMMERCE OF SEATTLE, WASHINGTON TRUST BANK, AND JAMES E. SMITH, COMPTROLLER OF THE CURRENCY

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF WASHINGTON

INDEX

	Page
Docket Entries	1
Complaint by the United States filed October 22, 1971	9
Defendants' Answer to the Complaint filed November 22, 1971	17
Intervenor's Answer to the Complaint filed December 8, 1971	24
Defendants' Answers to Plaintiff's Interrogatories:	
No. 5(A)(2), (3)	30
No. 9b	44
No. 23	53
No. 30	60
No. 33	75
No. 34	80
No. 40	84
No. 48	87
No. 53	89

	Page
Plaintiff's Answers to Intervenor's Interrogatories (Set. No. 1):	
No. 14	91
No. 15	91
No. 16	92
No. 17	92
Deposition of Robert F. Buck taken August 16, 1972	93
Buck Deposition Exhibit 1*	1514
Buck Deposition Exhibit 2*	1516
Buck Deposition Exhibit 3*	1576
Buck Deposition Exhibit 4*	1407
Buck Deposition Exhibit 5	132
Buck Deposition Exhibit 6*	1358
Buck Deposition Exhibit 7	136
Deposition of Maxwell Carlson taken August 16, 1972	137
Carlson Deposition Exhibit 1	152
Carlson Deposition Exhibit 2*	1273
Carlson Deposition Exhibit 3	154
Deposition of Ralph J. Stowell taken August 16, 1972	157
Stowell Deposition Exhibit 1*	1432
Stowell Deposition Exhibit 2*	1433
Stowell Deposition Exhibit 3*	1393
Stowell Deposition Exhibit 4*	1284
Deposition of Frank A. Abersfeller taken August 17, 1972	195
Abersfeller Deposition Exhibit 1	236
Abersfeller Deposition Exhibit 2*	1391
Abersfeller Deposition Exhibit 3	239
Abersfeller Deposition Exhibit 4	240
Abersfeller Deposition Exhibit 5*	1279
Deposition of Andrew Price, Jr. taken August 17, 1972	242
Price Deposition Exhibit 1-1*	1430
Price Deposition Exhibit 1-2*	1429
Price Deposition Exhibit 1-3*	1428
Price Deposition Exhibit 1-4*	1427
Price Deposition Exhibit 1-5*	1426
Price Deposition Exhibit 1-6*	1425
Price Deposition Exhibit 1-7*	1424
Price Deposition Exhibit 1-8*	1423
Price Deposition Exhibit 1-9*	1422
Price Deposition Exhibit 1-10*	1421
Price Deposition Exhibit 1-11*	1420

* Deposition Exhibits which correspond to Government Exhibits are reproduced in the category of Government Exhibits.

Page

Deposition of Andrew Price, Jr. taken August 17, 1972—Continued
Price Deposition Exhibit 1-12* 1419
Price Deposition Exhibit 1-13* 1418
Price Deposition Exhibit 1-14* 1417
Price Deposition Exhibit 1-15* 1416
Price Deposition Exhibit 1-16* 1415
Price Deposition Exhibit 1-17* 1414
Price Deposition Exhibit 1-18 327
Price Deposition Exhibit 1-19* 1413
Price Deposition Exhibit 1-20* 1412
Price Deposition Exhibit 1-21* 1411
Price Deposition Exhibit 1-22* 1410
Price Deposition Exhibit 1-23* 1409
Price Deposition Exhibit 1-24* 1406
Price Deposition Exhibit 1-25* 1404
Price Deposition Exhibit 1-26* 1403
Price Deposition Exhibit 1-27* 1402
Price Deposition Exhibit 1-28* 1401
Price Deposition Exhibit 1-29* 1400
Price Deposition Exhibit 1-30* 1399
Price Deposition Exhibit 1-31* 1398
Price Deposition Exhibit 1-32* 1397
Price Deposition Exhibit 1-33* 1396
Price Deposition Exhibit 1-34* 1395
Price Deposition Exhibit 1-35* 1393
Price Deposition Exhibit 1-36* 1394
Price Deposition Exhibit 1-37* 1392
Price Deposition Exhibit 1-38* 1391
Price Deposition Exhibit 1-39* 1389
Price Deposition Exhibit 1-40* 1390
Price Deposition Exhibit 2* 1433
Price Deposition Exhibit 3* 1432
Price Deposition Exhibit 4* 1593
Price Deposition Exhibit 5* 1650
Price Deposition Exhibit 6* 1514
Price Deposition Exhibit 7* 1573
Price Deposition Exhibit 8 329
Price Deposition Exhibit 9* 1356
Price Deposition Exhibit 10* 1358
Price Deposition Exhibit 11* 1357

Deposition of Dean W. Loney taken August 18, 1972 331
Loney Deposition Exhibit 1* 1514
Loney Deposition Exhibit 2* 1573

Pretrial Order and attached Exhibits A through H, filed January 8, 1973 364

* Deposition Exhibits which correspond to Government Exhibits are reproduced in the category of Government Exhibits.

Page

Transcript of proceedings held before the Hon. William N. Goodwin, United States District Judge for the Western District of Washington, on January 8, 1973:

Appearances 446
Transcript of the proceedings 447
Testimony of Robert E. Smith
—direct—[50] 473
—voir dire—[57] 477
—further direct—[61] 479

Transcript of proceedings held before the Hon. William N. Goodwin, United States District Judge for the Western District of Washington, on January 9, 1973:

Appearances 510
Testimony of Robert E. Smith (resumed)
—direct—[117] 511
—cross—[158] 533
—redirect—[183] 549
Testimony of Warren P. Cooley
—direct—[193] 555
—cross—[209] 564
Testimony of Michael Marston
—direct—[215] 568
—cross—[264] 596

Transcript of proceedings held before the Hon. William N. Goodwin, United States District Judge for the Western District of Washington, on January 10, 1973:

Appearances 602
Testimony of Charles F. Haywood
—direct—[329] 633
—cross—[378] 661
Testimony of Lloyd C. Billings
—direct—[425] 688
—cross—[444] 699
Testimony of Maxwell Carlson
—direct—[459] 708

Transcript of proceedings held before the Hon. William N. Goodwin, United States District Judge for the Western District of Washington, on January 11, 1973:

Appearances 720
Testimony of Joseph C. MacMurray
—direct—[485] 724
—cross—[555] 764
—redirect—[574] 776

Page

Transcript of proceedings held before the Hon. William N. Goodwin, United States District Judge for the Western District of Washington, on January 11, 1973:—Continued

Testimony of Richard G. Bennett
—direct—[622] 804
—cross—[633] 810
—redirect——[645] 818

Transcript of proceedings held before the Hon. William N. Goodwin, United States District Judge for the Western District of Washington, on January 12, 1973:

Appearances 820

Testimony of Betty Bruckner
—direct—[654] 822
—cross—[656] 824
—redirect—[662] 828

Testimony of William F. Barrett
—direct—[663] 828
—cross—[672] 834

Testimony of Leroy Johnson
—direct—[684] 841
—cross—[687] 843

Testimony of Maxwell Carlson (resumed)
—direct—[692] 846
—cross—[715] 860
—redirect—[749] 881

Transcript of proceedings held before the Hon. William N. Goodwin, United States District Judge for the Western District of Washington, on January 15, 1973:

Appearances 883

Testimony of Raymond A. Hanson
—direct—[756] 884
—cross—[761] 887
—redirect—[773] 893

Testimony of Neil Degerstrom
—direct—[774] 894
—cross—[779] 897

Testimony of E.D. McCarthy
—direct—[780] 897
—cross—[785] 900
—redirect—[788] 902

Testimony of Arden Jacklin
—direct—[789] 903
—cross—[793] 905
—redirect—[797] 908

Testimony of R. Neil Williams
—direct—[798] 908
—cross—[802] 911

Page

Transcript of proceedings held before the Hon. William N. Goodwin, United States District Judge for the Western District of Washington, on January 15, 1973:—Continued

Testimony of Leonard Maxey
—direct—[803] 912
—cross—[805] 913
—redirect—[807] 914

Testimony of Merton L. Howard
—direct—[808] 915
—cross—[811] 917

Testimony of Philip H. Stanton
—direct—[814] 918
—cross—[846] 937
—redirect—[861] 945

Testimony of T. Robert Faragher
—direct—[867] 948
—cross—[911] 974

Transcript of proceedings held before the Hon. William N. Goodwin, United States District Judge for the Western District of Washington, on January 16, 1973:

Appearances 1007

Testimony of H. Joe Selby
—direct—[969] 1008
—cross—[979] 1013
—redirect—[1018] 1036

Testimony of Nevins D. Baxter
—direct—[1031] 1043
—cross—[1066] 1063

Testimony of Robert K. Hurni
—direct—[1132] 1102

Transcript of procedings held before the Hon. William N. Goodwin, United States District Judge for the Western District of Washington, on January 17, 1973:

Appearances 1115
Transcript of the proceedings 1116

Government Exhibits:
GX A-1 1148
GX A-2 1149
GX A-3 1150
GX A-4 1152
GX A-5 1153
GX A-6 1154
GX A-7 1155
GX A-8 1156

	Page
GX A-9	1157
GX A-10	1158
GX A-11	1159
GX A-12	1160
GX A-13	1161
GX A-14	1162
GX A-15	1163
GX A-16	1164
GX A-17	1165
GX A-18	1166
GX A-19	1167
GX A-20	1168
GX A-21	1169
GX A-22	1170
GX A-23	1173
GX A-24	1177
GX A-25	1181
GX A-26	1185
GX A-27	1186
GX A-28	1187
GX A-29	1188
GX A-30	1189
GX A-31	1191
GX A-32	1193
GX A-33	1194
GX A-34	1195
GX A-35	1197
GX A-36	1199
GX A-37	1200
GX A-38	1201
GX A-39	1202
GX A-40	1203
GX A-41	1204
GX A-42	1207
GX A-43	1208
GX A-44	1209
GX A-45	1210
GX A-46	1211
GX A-47	1212
GX A-48	1213
GX A-49	1214
GX A-50	1215
GX A-51	1216
GX A-52	1217
GX A-53	1218
GX A-54	1219
GX A-55	1220
GX A-56	1221
GX A-57	1222

	1223
GX A-58	1224
GX A-59	1225
GX A-60	1226
GX A-61	1227
GX A-62	1228
GX A-63	1229
GX A-64	1230
GX A-65	1231
GX A-66	1232
GX A-67	1233
GX A-68	1234
GX A-69	1235
GX A-70	1236
GX A-71	1237
GX B-1	1238
GX B-2	1239
GX B-3	1240
GX B-4	1242
GX C	1265
GX D-1	1266
GX D-2	1267
GX D-3	1268
GX D-4	1269
GX D-5	1270
GX D-6	1272
GX F-1	1272
GX F-2	1273
GX F-23	1274
GX F-25	1275
GX F-26	1276
GX F-27	1277
GX F-29	1278
GX F-31	1279
GX G-1	1280
GX G-2	1281
GX G-3	1282
GX G-8	1284
GX G-9	1288
GX H-1	1291
GX H-2	1293
GX H-3	1296
GX H-4	1301
GX H-5	1305
GX H-6	1310
GX H-7	1315
GX H-8	1317
GX H-9	1322
GX H-10	1326
GX H-11	1329
GX H-12	

Page

GX H-13 1333
GX H-14 1336
GX H-15 1341
GX I-1-a 1346
GX I-1-b 1347
GX I-1-c 1348
GX I-2 1349
GX I-3 1350
GX I-4-a 1353
GX I-4-b 1354
GX I 4-c 1355
GX I-4-d 1356
GX I-4-e 1357
GX I-5 1358
GX I-6-a 1362
GX I-6-b 1363
GX I-7 1364
GX I-8-a 1365
GX I-8-b 1366
GX I-9-a 1367
GX I-9-b 1368
GX I-10-a 1370
GX I-10-b 1371
GX I-11-a 1372
GX I-11-b 1373
GX I-11-c 1374
GX I-11-d 1375
GX I-11-e 1376
GX I-11-f 1377
GX-J-1 1378
GX J-2 1379
GX J-3 1380
GX J-4 1381
GX J-5 1382
GX J-7 1383
GX J-8 1384
GX J-9 1385
GX J-10 1386
GX J-11 1387
GX J-12 1388
GX J-13 1389
GX J-14 1390
GX J-15 1391
GX J-16 1392
GX J-17 1393
GX J-18 1394
GX J-19 1395
GX J-20 1396
GX J-21 1397
GX J-22 1398

	Page
GX J-23	1399
GX J-24	1400
GX J-25	1401
GX J-26	1402
GX J-27	1403
GX J-28	1404
GX J-29	1405
GX J-30	1406
GX J-31	1407
GX J-32	1408
GX J-33	1409
GX J-34	1410
GX J-35	1411
GX J-36	1412
GX J-37	1413
GX J-38	1414
GX J-39	1415
GX J-40	1416
GX J-41	1417
GX J-42	1418
GX J-43	1419
GX J-44	1420
GX J-45	1421
GX J-46	1422
GX J-47	1423
GX J-48	1424
GX J-49	1425
GX J-50	1426
GX J-51	1427
GX J-52	1428
GX J-53	1429
GX J-54	1430
GX K-1	1431
GX K-2	1432
GX K-3	1433
GX K-4	1435
GX K-5	1436
GX K-6	1438
GX K-7-a	1440
GX K-7-b	1441
GX K-7-c	1442
GX K-8	1443
GX K-9	1444
GX K-10	1445
GX K-11-a	1446
GX K-11-b	1447
GX K-12	1448
GX K-13	1452
GX K-14	1454

Page

GX K-15 1455
GX K-16 1456
GX K-17 1457
GX K-18-a 1458
GX K-18-b 1459
GX K-19 1460
GX K-20 1461
GX K-21 1462
GX K-22 1463
GX K-23 1464
GX K-24 1465
GX K-25 1466
GX K-26-a 1467
GX K-26-b 1468
GX K-26-c 1469
GX K-26-d 1470
GX K-27-a 1471
GX K-27-b 1472
GX K-28 1473
GX K-29-a 1475
GX K-29-b 1476
GX K-30-a 1478
GX K-30-b 1479
GX K-30-c 1481
GX K-31 1483
GX K-32 1484
GX K-33-a 1485
GX K-33-b 1488
GX K-33-c 1490
GX K-34-a 1491
GX K-34-b 1492
GX K-35 1493
GX K-36 1514
GX K-37 1516
GX K-38 1518
GX K-39 1519
GX K-40 1520
GX K-41 1521
GX K-42-a 1522
GX K-42-b 1523
GX K-43-a 1524
GX K-43-b 1525
GX K-44 1526
GX K-45 1527
GX K-46-a 1528
GX K-46-b 1529
GX K-47 1530
GX K-48-a 1532

	Page
GX K-48-b	1533
GX K-49-a	1534
GX K-49-b	1535
GX K-50	1536
GX K-51-a	1537
GX K-51-b	1538
GX K-51-c	1539
GX K-51-d	1541
GX K-52	1542
GX K-53-a	1543
GX K-53-b	1544
GX K-54-a	1545
GX K-54-b	1546
GX K-55-a	1547
GX K-55-b	1548
GX K-55-c	1549
GX K-56	1551
GX K-57-a	1552
GX K-57-b	1553
GX K-58	1554
GX K-59	1555
GX K-60	1557
GX K-61	1558
GX K-62	1560
GX K-63	1562
GX K-64	1563
GX K-65	1564
GX K-66	1566
GX K-67	1568
GX K-68	1569
GX K-69	1570
GX K-70	1573
GX K-71	1576
GX K-72-a	1579
GX K-72-b	1591
GX K-72-b-1	1592
GX K-73	1593
GX K-74-a	1607
GX K-74-b	1608
GX K-74-c	1612
GX K-75	1613
GX K-76	1615
GX K-77	1616
GX K-78	1617
GX K-79-a	1618
GX K-79-b	1634
GX K-79-c	1650
GX K-80	1666

	Page
GX K-81	1667
GX K-82	1668
GX K-83	1669
GX K-84-a	1678
GX K-84-b	1679
GX K-85-a	1680
GX K-85-b	1681
GX K-85-c	1682
GX K-86	1683
GX K-87-a	1684
GX K-87-b	1685
GX K-88	1686
GX K-89	1688
GX K-90	1690
GX K-91	1691
GX K-92	1692
GX K-93	1694
GX K-94	1695
GX L-1	1697
GX L-2	1747
GX M-1	1753
GX M-2	1758
GX N	1769
GX O-1	1820
GX O-2	1821
GX O-3	1822
GX O-4	1823
GX O-5	1824
GX O-6	1825
GX O-7	1826
GX O-8	1827
GX O-9	1828
GX O-11	1829
GX O-19	1830
GX O-20	1831
Defense Exhibits:	
DX 1	1832
DX 2	1833
DX 3	1834
DX 4	1835
DX 5	1836
DX 6	1837
DX 7	1838
DX 9	1839
DX 10*	1840
DX 11	1841

* Colors are not shown on this map in the Appendix. They are shown on the map in the record certified to this Court.

	Page
DX 12	1842
DX 13	1844
DX 14	1845
DX 15	1847
DX 16	1849
DX 17	1851
DX 18	1852
DX 19	1855
DX 20	1856
DX 21	1857
DX 22	1858
DX 23	1859
DX 24	1861
DX 25	1862
DX 26	1863
DX 27	1864
DX 28	1865
DX 29	1866
DX 30	1867
DX 31	1868
DX 32	1870
DX 33	1871
DX 34	1873
DX 35	1875
DX 36	1877
DX 37	1879
DX 38	1881
DX 39	1883
DX 40	1891
DX 41	1899
DX 42	1900
DX 43	1901
DX 44	1902
DX 45	1904
DX 46	1905
DX 47	1908
DX 48	1911
DX 49	1912
DX 50	1913
DX 51	1914
DX 52	1915
Intervenor's Exhibits:	
Exhibit L to Intervenor's Exhibit 500	1916
Exhibit (1) to Intervenor's Exhibit 500	1918
Transcript of Proceedings held before the Hon. William N. Goodwin, United States District Judge for the Western District of Washington, on January 31, 1973 at Tacoma, Washington	1920

Page

Findings of Fact and Conclusions of Law filed January 31, 1973 1932

Transcript of Proceedings held before the Hon. William N. Goodwin, United States District Judge for the Western District of Washington, on February 22, 1973 at Las Vegas, Nevada 1953

Notice of Appeal to the Supreme Court by the United States dated March 30, 1973 1970

Order of the Supreme Court noting probable jurisdiction, dated October 15, 1973 1973

COPY

NATIONAL BANK OF COMMERCE OF SEATTLE GX X-34-a

December 8, 1967

Mr. Dean W. Loney
Loney, Westland & Raekes
Attorneys-at-Law
P. O. Box 6125
Kennewick, Washington 99336

Dear Mr. Loney:

Following our earlier conversations, I have discussed the formation of the Columbia Center National Bank with several potential investors. Listed on the attached schedule are the names of all the people with whom I have had any discussion about investing in the bank. All of these people have expressed a willingness to make capital funds available to the new bank as indicated.

Since the total percentage shown on the attached schedule is for 38.72%, there remains 61.28% of the stock to be placed among other people in your area including the organizers. As you have indicated in your letter to Mr. Leaf dated December 7, 1967, the organizers, directors and their interests will not own more than 40% of the bank's stock. I believe Mr. Glenn Lee and Mr. Robert Phillip have expressed an interest in the stock. Mr. Bert Field has, and I presume the manager of the bank will wish some stock.

You attached a copy of Mr. Boy's letter of September 22, 1967 to the application. You may wish to consider sending a copy of his letter dated December 1, 1967 so that Mr. Leaf will sense the speed with which this project is progressing.

Mr. Funk and Mr. Stovall will be happy to fill out the forms similar to the ones the organizers completed when you send them over to me.

Sincerely yours,

Andrew Price, Jr.
Chairman

AP:us
Enclosure

...TIONAL BANK OF COMMERCE OF SEATTLE

COPY

GX K-34-b

SCHEDULE OF PROPOSED STOCK OWNERSHIPS

COLUMBIA CENTER NATIONAL BANK

Name and Address		Percentage of $ 450,000	Amount
Marvin E. Boye & Associates P. O. Box 2232 Seattle, Washington 98111	2 HOLDERS	10 %	$ 45,000.00
Charles J. Broughton Broughton Land Company Dayton, Washington 99328	1	5 %	22,500.00
Glenn Carrington & Company c/o Trust Department National Bank of Commerce P. O. Box 3966 Seattle, Washington 98124	2	5 %	22,500.00
Walter J. Funk 1555 Magnolia Way W. W. Seattle, Washington 98199	1	3.36 2.22 % OUT	15,120 -10,000.00
Wylie Hemphill Hemphill Brothers, Inc. 201 Boren Avenue North Seattle, Washington 98109	1	5 %	22,500.00
John A. Malone and Associates McKernan Hardware & Implement Company Pomeroy, Washington 99347	3	6 %	27,000.00
Philip S. Padelford Washington Building Seattle, Washington 98101	1	4 %	18,000.00
Ralph J. Stowell P. O. Box 3966 Seattle, Washington 98124	1	1.50 %	6,750.00
TOTAL HOLDERS	12	38.72 %	$ 183,250.00

COMPTROLLER OF THE CURRENCY
FORM 1900
REV. FEB. 1966

GX K-35

AMENDED

APPLICATION TO ORGANIZE A NATIONAL BANK AND REPRESENTATIONS OF APPLICANTS

dated

DECEMBER 20, 1967

THE COMPTROLLER OF THE CURRENCY

Washington, District of Columbia

APPLICATION

WE, THE UNDERSIGNED, intending to organize and operate a national bank in accordance with the provisions of the National Bank Act, as amended, do hereby make application to the ~~Comptroller of the Currency for permission to organize said national bank~~, and propose as follows:

1. That the main office of said national bank be located at Columbia Center, in the City of Kennewick, County of Benton, State of Washington

2. That, in order of preference, said national bank have one of the following titles:

Columbia Center National Bank

Columbia National Bank

National Bank of the Cities

2131

3. That said national bank be authorized to issue 4000 shares of capital stock, 2500 of said shares to be issued in connection with the organization of said national bank for a total consideration of $250,000, and the remainder of said shares to be held by said national bank as unissued shares.

4. That the total consideration received by said national bank for the shares issued by it be allocated as follows:

Capital	$ 250,000
Surplus	125,000
Undivided Profits	75,000
Total Consideration	$ 450,000

5. That Dean W. Loney of 300 W. Hendricks Ave., City of Lawndale, County of Benton, State of Washington, act as sole and exclusive agent to represent and appear for the undersigned before the Comptroller of the Currency, and to receive all correspondence and documents, in respect of this application, in accordance with the annexed appointment of agent.

REPRESENTATIONS

THE UNDERSIGNED, for the purpose of inducing the Comptroller of the Currency to permit the organization of the said national bank, upon the terms and conditions set forth in the aforesaid application or upon such other or additional terms and conditions as may be required by the Comptroller of the Currency, and with the intention that the Comptroller of the Currency shall rely upon the following, do, for the benefit of the Comptroller of the Currency, hereby jointly and severally represent and warrant to the Comptroller of the Currency as follows:

FIRST, that the undersigned, as directors or shareholders of the said national bank or otherwise, will not vote for or in any other manner approve of or consent to any sale by the said national bank of any stock in the said national bank for any price other than $ 180 per share, unless the Comptroller of the Currency shall have approved the same in writing.

SECOND, that the undersigned, as directors or shareholders of the said national bank or otherwise, will not vote for or in any other manner approve of or consent to any sale by the said national bank of any stock in the said national bank to or through any underwriter, broker, or dealer, unless the Comptroller of the Currency shall have approved the same in writing.

THIRD, that the undersigned have not directly or indirectly paid to or received from any person, partnership, association, or corporation, any money or other thing of value as a fee, commission, or other compensation for any service rendered or to be rendered or for any property transferred or to be transferred, in connection with the organization of the said national bank, except as follows:

NAME(S) OF PAYOR(S)	NAME(S) OF PAYEE(S)	REASON FOR PAYMENT	DATE PAID	AMOUNT PAID
	(IF NONE, SO STATE)			
	None			$

FOURTH, that the undersigned are not directly or indirectly party to any written or oral agreement or understanding to directly or indirectly pay to or receive from any person, partnership, association, or corporation, any money or other thing of value as a fee, commission, or other compensation for any service rendered or to be rendered or for any property transferred or to be transferred, in connection with the organization of the said national bank, except as follows:

NAME(S) OF PAYOR(S)	NAME(S) OF PAYEE(S)	DATE AND TERMS OF AGREEMENT(S)	AMOUNT TO BE PAID
	(IF NONE, SO STATE)		
Proposed	Bertram B. Fitch	Economic Research	$1000.00
Watermill Bank			
This agreement was made subsequent to original			
application and is subject to approval by Comptroller			

FIFTH, that the undersigned, as directors or shareholders of the said national bank or otherwise, will not personally pay and will not vote for or in any other manner approve of, consent to, or participate in payment of any charge or expense incurred by the undersigned or the said national bank in connection with the organization of the said national bank, unless the Comptroller of the Currency shall have approved the same in writing and, in such event, the charge or expense will be paid only by the said national bank out of funds of the said national bank.

SIXTH, that the undersigned are not acting in the premises as representative of or on behalf of or on behalf of any person, partnership, association, or corporation undisclosed to the Comptroller of the Currency.

SEVENTH, that the undersigned are not directly or indirectly party to any written or oral agreement or understanding providing for the undersigned or any other person, partnership, association, or corporation to directly or indirectly purchase any stock of the said national bank or providing for the sale, pledge, transfer, or other disposition of any stock in the said national bank to be legally or equitably owned by the undersigned to or for the benefit of any person, partnership, association, or corporation, except as follows:

NAME(S) OF UNDERSIGNED PARTY TO THE AGREEMENT	NAME(S) OF OTHER PARTY(IES) TO THE AGREEMENT (IF NONE, SO STATE)	DATE AND TERMS OF AGREEMENT
See letter of enclosure		

EIGHTH, that the undersigned are not directly or indirectly party to any written or oral agreement or understanding, undisclosed to the Comptroller of the Currency, providing for the sale of the assets of the said national bank to, or merging or consolidating the said national bank with, any other financial institution.

NINTH, that the undersigned acknowledge that any misrepresentation or omission of a material fact with respect to the foregoing representations or with respect to any other documents or papers submitted by the undersigned to the Comptroller of the Currency in connection with the organization of the said national bank shall, unless expressly waived by the Comptroller of the Currency, constitute fraud in the inducement and be grounds for denial of a national bank charter in this or any other matter, grounds to require the resignation of the undersigned as directors of the said national bank, and may subject the undersigned to other legal sanctions, including those provided for in Section 1001 of Title 18 of the United States Code.

IN WITNESS WHEREOF, the undersigned have hereunto set our hands on the date set forth above.

Signature _____ Signature _____

Typed Name _____ Typed Name _____

Typed Address _____ Typed Address _____

Signature _____ Signature _____

Typed Name _____ Typed Name _____

Typed Address _____ Typed Address _____

Signature _____ Signature _____

Typed Name _____ Typed Name _____

Typed Address _____ Typed Address _____

SUMMARY OF INFORMATION TO BE SUBMITTED TO THE REGIONAL COMPTROLLER OF THE CURRENCY WITHIN 30 DAYS AFTER THE FILING OF AN APPLICATION TO ORGANIZE A NATIONAL BANK * * * * * * * * * * * *

1. Proposed bank is to be located approximately equi-distant from the cities of Kennewick and Richland, in Benton County, Washington, and Pasco, Franklin County, Washington. Although it is contemplated that the area in which the proposed bank is to be located will be annexed to the City of Kennewick, population data on the three cities and the two counties is shown below:

	1950	1950	Present Estimate
City of Kennewick (Benton County)	10,100	14,200	15,500
City of Richland (" ")	21,000	23,500	26,500
City of Pasco (Franklin County)	10,200	14,500	16,300
County of Benton	51,300	62,000	67,300
County of Franklin	13,500	23,300	25,300

2. (a) Estimated population of the service area from which the proposed bank is expected to generate 75% or more of its loans and deposits:

1950 - 60,000 1960 - 75,000 Present - 85,000

(b) This area extends approximately 35 miles north, 25 miles south, 20 miles east and 20 miles west.

3. Competitive banks and branches located with the service area: See Schedule I attached.

4. Duplicate maps of the Tri Cities area, showing location of proposed bank and names and locations of all banks and branches: See attached maps.

No aerial photographs are available.

Duplicate road maps outlining expected service area: See attached maps.

5. Savings and loan associations, building and loan associations and mutual savings banks located within the proposed service area: See Schedule II attached.

6. Credit unions, finance companies, insurance companies granting loans and other institutions granting loans within the proposed service area:

	Present	3 years ago
Credit Unions	5	5
Finance Companies	6	6
Insurance Companies	1	1
Other Institutions	6	6

7. Degree of intensity of competition in the service area:

Savings & Loan Associations	15%
Mutual Savings Banks	5%
Credit Unions, etc.	5%

8. No survey was made preliminary to the filing of this application.

9. (A) Homes are 95% owner-occupied. Housing development has been relatively steady over the past 15 years in all of the three cities of Kennewick, Pasco and Richland. Homes are of above average quality, average price level $19,000.00, average age 15 years. Number of unsold new homes in the Tri City area - approximately 60. From all indications, the orderly construction of new homes will continue into the foreseeable future.

(B) The principal industry is the Hanford Atomic Works in Richland, Washington, operated under contract by the following companies:

Battelle Northwest Laboratories	75
Computer Sciences Corporation	35
Douglas-United Nuclear Corporation	12
General Electric Company	22
Isochem, Inc.	37
U. S. Testing	6
Vitro Engineering	14
I.T.T. Federal Support Services	124.5
Total employment approximately 8200	
Estimated annual payroll $75,000,000.	

The construction industry in the three cities employs an average of 5000 workers, 80% of whom are specialists in their trade. Estimated annual payroll $35,000,000.

The chemical complex east of Kennewick, consisting of Phillips Chemical Company, Chevron Chemical Company, Kerley Chemical Company, General Chemical Company and Cas-Ice Corporation, employ 200 workers. Estimated annual payroll $1,200,000.

The Boise Cascade pulp and paper mill, 10 miles southeast of Pasco, employs 375 workers and is planning further expansion. Present estimated annual payroll $2,200,000.

The Northern Pacific Railway, with station office in Pasco and an ultra-modern switchyard, employs 530 workers. Estimated annual payroll $3,700,000.

The "Big Pasco" warehousing area has occupants employing 860 workers. Estimated annual payroll $6,000,000.

The Country Gardens food processing plant adjacent to Pasco employs 350 regular workers and additional seasonal workers. Estimated annual payroll $1,400,000.

Statistics from the Washington State Employment office in Pasco show 95.3% of the labor force employed during 1956, which compares favorably with the state average. The labor force provides adequately the need for skilled workers.

(C) There are no major shopping centers in the Tri Cities at the present time.

(D) A recent survey indicates that the population growth in the Tri Cities and surrounding trading area will continue, with an estimated 4% annual increase projected for the next ten years.

Ground has been broken and an extensive center is to be constructed, where an ultra-modern establishment will be built, costing an estimated $5,000,000, covering 30 acres and containing approximately 50 retail business outlets, with the Bon Marche department store and J.C.Penney Company forming the nucleus. This is where the proposed bank will be located.

The traffic pattern to this new shopping center gives good access from all three of the Tri Cities, connecting by a good highway with U. S. 410, one-half mile from the shopping center location. There are no geographical barriers.

Now under construction in the chemical complex is a metals processing plant for Sandvik Metals, Inc., which will employ 100 workers. Estimated annual payroll $700,000.

A recent announcement stated that a $1 million cold storage plant is to be constructed adjacent to the chemical complex. Projected employment is 450 workers, with estimated annual payroll of $2,000,000.

Approximately one-half mile from this shopping center, there is now under construction a large Valu-Mart department store, which will have a force of 150 employees regularly, with additional employment during peak marketing seasons.

10. Not applicable.

11. Head Office

12. Head Office

13. Financial position of area to be served by proposed bank:

	City of Kennewick (000 omitted)	City of Richland	City of Pasco	Kennewick School Dist.	Richland School Dist.	Pasco School
Assessed Valuation	16,218	22,770	17,653	28,951	24,555	29,501
Taxes on 1967 Rolls	357	364	338	989	572	1,095

	Benton County (000 omitted)	Franklin County
Assessed Valuation	73,887	44,560
Taxes on 1967 Rolls	4,831	2,854
Unpaid taxes - 1966	289	264
Percentage of 1966 taxes collected	96	93

14. Major types of loaning demands proposed bank expects to serve:

Retail business
Individual (Personal, Home, Consumer Credit)
Agricultural
Dealer Discounts
Real Estate Mortgage Loans

15. Head Office

16. Head Office

17. Head Office

18. Head Office

COLUMBIA CENTER NATIONAL BANK

Benton County, Washington
(Kennewick, Washington)

This report contains information as requested in the:

Summary of Information to be Submitted to the Regional Comptroller of the Currency Within 30 Days After the Filing of an Application to Organize a National Bank

Revised April 1965

1. The proposed bank would be located in an unincorporated area in Benton County, Washington, approximately four miles from the cities of Kennewick and Richland, and about 6 miles from Pasco in Franklin County, Washington. It is contemplated that the area in which the proposed bank would be located will be annexed to the city of Kennewick. Population data on the three cities and the two counties mentioned is shown below:

	* 1950	* 1960	** Estimated 4-1-66
City of Kennewick	10,106	14,244	15,400
City of Richland	21,809	23,548	26,500
City of Pasco	10,228	14,522	16,350
Benton County	51,370	62,070	67,300
Franklin County	13,563	23,242	25,300

* Source: U. S. Bureau of the Census

** Source: Washington State Census Board

2. (a) The proposed bank would serve an area including the three above-named cities and portions of Benton, Franklin and Walla Walla Counties. Shown below is our estimate of the population of the area from which the bank would generate 75% or more of its loans and deposits:

1950	1960	Present
60,000	75,000	85,000

(b) This area extends from the proposed bank location approximately 35 miles north; 20 miles east; 20 miles south; and 20 miles west. The area is marked on Map Number 1 which is included with this report.

3. Information concerning competitive banks and branches located within the service area is detailed on Schedule I attached.

4. Duplicate maps appropriately marked are included with this report. Map Number 1 outlines the service area and relates it to the eastern portion of the State of Washington. Map Number 2 shows the three principal incorporated communities in the service area in greater detail and identifies all commercial banking facilities located therein.

5. Information concerning Savings and Loan, Building and Loan and Mutual Savings Banks located within the proposed service area is shown below:

Association or Bank Name and Address	Date Established (If Within 3 Years)	Share Accounts	Loans	Distance by Road Mileage & Direction From Proposed Bank
Washington Mutual Savings Bank Kennewick Branch 218 West Kennewick Avenue Kennewick, Washington		Not Available		6 miles SE
Fidelity Savings & Loan Association (Spokane) Pasco Office 719 West Lewis Pasco, Washington		Not Available		8 miles E
First Federal Savings & Loan Association (Walla Walla) Kennewick Office West First Avenue Kennewick, Washington	3- 1-67	Not Available		6 miles SE
Walla Walla Federal Savings & Loan Association Kennewick Office 30 Vista Way Kennewick, Washington		Not Available		8 miles E
Richland Office 1111 Jadwin Avenue Richland, Washington		Not Available		6 miles NW
Yakima Federal Savings & Loan Association Pasco Office 507 West Clark Pasco, Washington		Not Available		8 miles E
Richland Office 1333 George Washington Way Richland, Washington		Not Available		6 miles NW

6. Information concerning the number of types of financial insitutions listed in the service area follows:

Financial Institution	Present	Three Years Ago
Credit Unions	5	5
Finance Companies	6	6
Insurance Companies	1	1
Other Institutions	6	6

7. We estimate that about 25 per cent of the loan volume generated in the service area is developed by the savings and loan associations, the mutual savings banks and the credit unions. Of these, about 15 per cent of the total is generated by savings and loan associations, 5 per cent by the mutual savings banks, and 5 per cent by credit unions and other miscellaneous financial institutions.

8. Included with this report are copies of a survey prepared by the Southcenter Corporation (a division of Allied Stores, Inc.), developers of what is now called Columbia Center. This is the regional shopping center in which the proposed bank would be located. This survey was obtained by the bank's developers without cost.

9. (a) The proposed bank would serve an area which is popularly known as the "Tri-Cities," namely, Richland, Kennewick and Pasco, Washington. In addition, it would serve portions of surrounding Benton, Franklin and Walla Walla Counties. Homes in the area are 95 per cent owner occupied. Homes, generally, are above average in quality. The average price level is $19,000. The average age of homes is about 15 years. 1/

Occupancy is high, and it is estimated that there are about 60 unsold new homes in the Tri-City area. From all indications, the orderly construction of new homes will continue in the foreseeable future, and the demand for quality housing will remain high.

(b) The principal industry in the Tri-Cities is the Hanford Atomic Works in Richland, Washington, which is operated by the eight firms named below, under contract to the United States Atomic Energy Commission:

Battelle Northwest Laboratories
Computer Sciences Corporation
Douglas-United Nuclear Corporation
General Electric Company

1/ Source: Association of Tri-City Realtors.

Isochem, Inc.
U. S. Testing Company, Inc.
Vitro Engineering Company
I.T.T. Federal Support Services

Exact employment figures are not available, but it is estimated that these firms employ together, approximately 8,200 persons, and that they have a combined annual payroll of $75,000,000. Each firm named took over a portion of the Hanford Works previously operated by General Electric Company. Each also committed to make additional expenditures for production or research facilities to bring about a diversification of the local economy through commercial application of the technology developed at the Hanford Works. A high percentage of those employed in this work are college trained people, many with advanced degrees.

The construction industry in the Tri-Cities employs an average of 5,000 workers, over and above the 8,200 employed by the firms listed above. The estimated annual payroll for this latter group is $35,000,000.

East of Kennewick is a chemical complex consisting of Phillips Chemical Company, Chevron Chemical Company, Kerley Chemical Company, General Chemical Company and the Gas-Ice Corporation. Together they employ about 200 workers with an estimated annual payroll of $1,200,000.

The Boise Cascade Corporation's pulp and paper mill, 10 miles southeast of Pasco, employs 375 workers and is planning further expansion. Present estimated payroll is $2,200,000 annually.

The Northern Pacific Railway operates a station office and an ultramodern switchyard in Pasco. It employs 530 workers, and has an estimated annual payroll of $3,700,000.

The "Big Pasco" warehousing area has a number of important tenants, which together employ 860 workers. Estimated annual payroll is $6,000,000. The Country Gardens food processing plant near Pasco employs 350 year-round workers and has additional seasonal employment. This plant has an estimated annual payroll of $1,400,000.

Generally, the businesses in the Tri-Cities employ technically trained people. With few exceptions employment is non-seasonal in nature. Statistics from the Washington State Employment Office in Pasco show 96.3 per cent of the labor force employed during 1966 which compares quite favorably with the state average.

(c) Although at the present there are no major shopping centers serving the entire Tri-City area, each of the three cities has a local retail community. Ground has been broken, however, for an extensive regional shopping center - called, Columbia Center, which is being developed by a division of Allied Stores, Inc. The Center will cost an estimated $5,000,000 and cover 30 acres. It will contain approximately 300,000 square feet of retail floor space and 50 retail busi-

nesses, and will provide parking for 3,000 to 5,000 cars. A Bon Marche department store (division of Allied Stores, Inc.) and a J. C. Penney store will form the nucleus of the Center. The development will be similar to the Tacoma Mall, which has been open about a year and one-half, and which is ahead of projections on sales.

It is in this Center that the proposed bank is to be located. Further indication of the regional importance of the proposed Columbia Center Shopping Center is revealed by comparing it to the Northgate Shopping Center in Seattle.

ACTUAL ANNUAL SALES VOLUME
NORTHGATE SHOPPING CENTER
Seattle, Washington

	Bon Marche	Other Stores	Total
After First Full Year of Operation (1950)	$ 5,063,000	$ N/A	$ N/A
2nd	6,350,000	N/A	N/A
3rd	6,463,000	N/A	N/A
4th	6,580,000	10,202,900	16,782,900
5th	7,327,000	11,366,550	18,693,550
10th	9,220,000	14,504,000	23,724,000
15th	15,896,000	21,700,000	37,596,000

PROJECTED ANNUAL SALES VOLUME
COLUMBIA CENTER SHOPPING CENTER
Kennewick, Washington

	Bon Marche	Other Stores	Total
After First Full Year of Operation (1970)	$ 4,600,000	$ 3,900,000	$ 8,500,000
2nd	4,800,000	6,000,000	10,800,000
3rd	5,100,000	7,400,000	12,500,000
4th	5,400,000	8,500,000	13,900,000
5th	5,700,000	10,000,000	15,700,000
10th	8,000,000	13,000,000	21,000,000

The Columbia Center development will bring about the closing of the Bon Marche store in Richland. That store has been in operation for more than twenty years, first as a C. C. Anderson Store, and subsequently, as a Bon Marche store. The J. C. Penney Company will close its store in Kennewick and expects to close its store in Richland. Both of these have been in operation for many years. These closures will cause a major change in the shopping patterns of area residents and should provide many potential customers for the proposed bank.

The Center will employ about 400 people. These employees and the stores in the Center will provide further customer opportunities.

No additional information is available at this time concerning tenants in the Center, but a leasing program is now under way. The site of Columbia Center was acquired in 1963 for the development that is now under way. The location was chosen because there is excellent access to it from each of the adjacent cities.

(d) A recent survey indicates that the population growth in the Tri-Cities and surrounding trade area will continue with an estimated 4 per cent annual increase projected for each of the next ten years.

The development of Columbia Center points out the confidence of major retail firms in the potential of the region. It will be located within easy driving distance from all three cities, connected by a good highway with U. S. Highway 410 one-half mile from the shopping center location. There are no geographical barriers limiting access to this area.

In addition to this development, there is now under construction in the chemical complex a metal processing plant for Sandvik Metals, Inc. It will employ 100 workers with an annual payroll of $700,000. It has recently been announced that a $1,000,000 cold storage plant is to be constructed in this same area. Projected employment is 450 workers with an estimated payroll of $2,000,000.

Approximately one-half mile from this shopping center, there is now under construction a large Valu-Mart Department Store (a division of Weisfield's, Inc., a major Seattle discount merchandiser), which will have a force of 150 employees - with additional employment being required during peak marketing seasons.

Not applicable.

The Tri-City area has long been a banking center for the south central part of Washington State, although it has not always been an economically prosperous area. Early records are not complete, but it is known that the Exchange Bank of Kennewick was fairly well established in July 1906. By August of the same year, the Bank of Pasco had opened its doors. In 1909, a year after a second state bank began operation in Pasco, the First Bank of Pasco became a national bank. These banks struggled along for a number of years principally supported by the area's agricultural economy and its railroad activities. In 1925, all three closed when they were faced with a depressed local economy and a growing lack of confidence from the citizens.

In 1914, the Security State Bank was organized in Richland. For the next fifteen years it managed to stay open, but it, too, went out of business in 1929. The only bank in the area to survive the economic problems of these times, and the subsequent depression of the 1930's, was the First

National Bank of Kennewick which had been founded in 1921. On July 1, 1940, it became the Kennewick Branch of the National Bank of Commerce of Seattle and it so operates today.

In 1937, the Pasco Branch of Seattle-First National Bank was opened. On May 1, 1944, the Seattle-First National Bank established its Richland Branch. Five years later, on June 20, 1949, the National Bank of Commerce opened a branch to serve that same city.

The Mid-Columbia Bank began operation in Pasco on January 18, 1954. It was acquired by Peoples National Bank of Washington on April 13, 1962 and operates as a branch of that bank today.

Kennewick First National Bank was established July 2, 1956. Three years later, on June 1, 1959, it became the Kennewick Branch of Seattle-First National Bank. Tri-Cities National Bank became the third banking operation in Pasco on November 17, 1960. Later, this bank opened its second Pasco office known as the West Side Branch. Shortly thereafter, on July 1, 1964, both offices became branches of the Old National Bank of Washington.

The Bank of Richland opened for business in 1963. On August 19, 1966, it was acquired by the Old National Bank of Washington and now operates as that bank's Richland Branch. The newest bank operating in the Tri-Cities is the Kennewick National Bank. It began operation on March 10, 1965 in Kennewick and is the only unit bank located in the service area.

12. It is proposed that stock ownership of the subject bank be placed in strong hands and restricted to residents of Washington. Two-thirds of the stock would be owned in the southeastern Washington service area of the shopping center, at least one-third of the stock being owned within the bank's service area. The balance of the stock may be owned by other individuals around the state. There would be a total of about 40 stockholders. No stockholder would be an officer or director or principal stockholder of any other banking organization. Organizers, directors and officers would be eligible for stock within the general limits outlined above.

13. The financial position of the service area of the proposed bank is reflected in the following figures:

CITIES

	Kennewick	Richland	Pasco
Assessed Valuation	$ 16,218,000	$ 22,770,000	$ 17,658,000
Taxes on 1967 Rolls	337,000	364,000	338,000

SCHOOL DISTRICTS

Assessed Valuation	$ 28,951,000	$ 24,555,000	$ 29,501,000
Taxes on 1967 Rolls	969,000	572,000	1,005,000

	COUNTIES		TOTAL
	Benton	Franklin	
Assessed Valuation	$ 73,887,000	$ 44,560,000	$ 258,200,000
Taxes on 1967 Rolls	4,831,000	2,854,000	11,270,000
Unpaid Taxes - 1966	289,000	264,000	N/A
Percentage of 1966 Taxes Collected	96%	93%	N/A

14. The proposed bank expects to generate the majority of its loans in the commercial and real estate fields. There should be opportunities to make direct instalment credit loans, and some small dealer relationships may develop if such firms become tenants of the Center. An opportunity might also develop to make some agricultural loans. On the accompanying projections, these have been included in the commercial loan total.

15. The estimated statement of condition at the end of the first, second and third years is shown on the following page. Included in the demand deposit totals are $100,000 of public funds in each of the three years.

16. Following the statement of condition is a projection of earnings and expenses for the first three years of operations, pages 10 and 11.

ESTIMATED STATEMENT OF CONDITION

END OF YEAR 1, 2, & 3

PROPOSED BANK

RESOURCES	First Year	Second Year	Third Year
		(Thousands)	
Cash & Due From Banks:			
Due from Domestic Banks	$ 50	$ 50	$ 50
Transit & Clearings	62	86	110
Federal Reserve Requirement and Cash	107	151	199
Total Cash & Due From Banks	$ 219	$ 287	$ 359
Investments	900	1 110	1 388
Loans:			
Commercial	$ 150	$ 250	$ 400
Instalment	100	200	300
Real Estate	150	250	350
Total Loans	$ 400	$ 700	$ 1 050
Other Assets:			
Fixed Assets	$ 50	$ 50	$ 50
Federal Reserve Stock	11	11	11
Other	3	3	3
TOTAL RESOURCES	$ 1 583	$ 2 161	$ 2 861
LIABILITIES & CAPITAL			
Deposits:			
Demand	$ 780	$ 1 080	$ 1 375
Time	420	720	1 125
Total Deposits	$ 1 200	$ 1 800	$ 2 500
Other Liabilities	3	3	3
Total Liabilities	$ 1 203	$ 1 803	$ 2 503
Capital	$ 250	$ 250	$ 250
Surplus	125	125	125
Undivided Profits	5	(17)	(17)
Total Capital Funds	$ 380	$ 358	$ 358
TOTAL LIABILITIES & CAPITAL	$ 1 583	$ 2 161	$ 2 861

ESTIMATED STATEMENT OF INCOME & EXPENSE

INCOME	First Year	Second Year	Third Year
		(Thousands)	
Interest Earned on Investments	$ 20 600	$ 47 300	$ 56 700
Interest Earned on Loans:			
Commercial	$ 5 600	$ 15 000	$ 24 400
Instalment	4 500	13 500	22 500
Real Estate	4 900	13 000	19 500
	$ 15 000	$ 41 500	$ 66 400
Service Charges:			
Deposit Accounts	$ 2 100	$ 4 900	$ 6 500
Instalment Loans	4 000	12 000	20 000
Real Estate Loans	800	2 000	3 000
	$ 6 900	$ 18 900	$ 29 500
Other Income:			
Safe Deposit Boxes	800	900	1 000
Total Income	$ 43 300	$ 108 600	$ 153 600
EXPENSE			
Salaries	$ 49 200	$ 54 000	$ 58 800
Payroll Taxes	2 300	2 800	3 100
Employee Benefits, Med. Life Insurance, Salary Continuation	1 500	1 500	1 550
Occupancy:			
Rent & Depreciation & Insurance	$ 25 100	$ 25 100	$ 25 100
Janitor Supplies & Service	2 800	2 800	2 800
Light, Heat, Power & Water	1 200	1 200	1 200
Maintenance & Repairs	1 000	1 000	1 000
Total Occupancy	$ 30 100	$ 30 100	$ 30 100
Equipment:			
Maintenance & Repairs	$ 780	$ 780	$ 780
Rent Equipment	1 620	1 620	1 620
Cartage & Express	50	50	50
Total Equipment	$ 2 450	$ 2 450	$ 2 450
Stationery, Supplies & Postage:			
Postage	$ 900	$ 1 600	$ 2 400
Check printing	1 800	1 800	2 500
Stationery & Supplies	6 500	2 250	3 000
Total Stationery, Supplies & Post.	$ 9 200	$ 5 650	$ 7 900

ESTIMATED STATEMENT OF INCOME & EXPENSE
-continued-

	First Year	Second Year	Third Year
		(Thousands)	
Other Expenses:			
Advertising	$ 250	$ 250	$ 250
Bookkeeping	3 000	4 200	6 000
Carfare & Automobile	200	200	200
Directors Fees	3 000	3 000	3 000
Donations	100	100	100
Dues & Subscriptions	150	150	150
Entertainment Customers	500	500	500
Employees Staff	200	200	200
Examiners Fees	170	190	220
F.D.I.C. Assessment	450	450	540
Insurance	850	850	850
Legal & Professional	550	550	550
Telephone	500	500	500
Sundry	250	250	250
Total Other Expenses	$ 10 170	$ 11 390	$ 13 310
Interest Paid on Time Deposits	$ 400	22 800	36 800
Total Expenses	$ 113 320	$ 130 690	$ 154 010
OPERATING PROFIT (LOSS)	$ (70 020)	$ (22 090)	$ (410)

17. No negotiations have been started for a banking house. It is anticipated that the bank would be located within a major Shopping Center Building containing several business offices. It would face on an air conditioned mall as well as on the central parking lot.

It is estimated that about 5,000 sq. ft. of space would be required and that a lease for this space would be negotiated with a subsidiary of Allied Stores, Inc., developer of the Center. The Shopping Center is expected to be completed by July 1, 1969 and the bank would be opened by that time. In the profit and loss projections, we have anticipated a lease payment of $5.00 per sq. ft. per year on 5,000 sq. ft. of space resulting in an annual rental of $25,000.

18. Funds to be collected from stock subscriptions would be deposited in escrow with a metropolitan bank and fidelity insurance would be obtained as required.

SCHEDULE I

COMPETITIVE BANKS AND BRANCHES
LOCATED WITHIN THE SERVICE AREA

Bank or Branch Name and Address *	12-31-66 Deposits (thousands)	Loans	Distance by Road Mileage and Direction From Proposed Bank	Estimated Share of Mortgage Loan Business
Kennewick National Bank 303 West First Avenue Kennewick, Washington Established 3-10-65	$ 2,388	N/A	6 miles SE	Nominal
Old National Bank of Washington Tri-Cities Branch 1115 West Clark Pasco, Washington	5,156 **	N/A	7 miles E	12%
West Side Branch Chase & Court Streets Pasco, Washington	**	N/A	7 miles E	Nominal
Richland Branch 711 Jadwin Avenue Richland, Washington	5,192	N/A	6 miles NW	2%
Peoples National Bank of Washington Pasco Branch 203 North Fourth Pasco, Washington	4,367	N/A	8 miles E	4%
National Bank of Commerce Kennewick Branch 23 West Kennewick Avenue Kennewick, Washington	12,171	N/A	6 miles SE	16%
Richland Branch 1340 Jadwin Avenue Richland, Washington	9,328	N/A	6 miles NW	20%
Seattle-First National Bank Kennewick Branch Vista Way Kennewick, Washington	5,158	N/A	4 miles SE	2%
Pasco Branch 400 West Lewis Pasco, Washington	15,793	N/A	8 miles E	20%

SCHEDULE I
-continued-

Bank or Branch Name and Address *	12-31-66 Deposits (thousands)	Loans	Distance by Road Mileage and Direction From Proposed Bank	Estimated Share of Mortgage Loan Business
Richland Branch 507 Knight Richland, Washington	$ 15,631	N/A	5 miles NW	24%

* All offices listed, except Kennewick National Bank, were established more than three years ago.

** Consolidated figures for Tri-Cities Branch and West Side Branch of Old National Bank.

N/A Figures not available.

1. 4% passbook interest is paid on all savings accounts and variable rates up to 5% on savings certificates is paid by all banks and branches.

2. Instalment loans made by all banks shown vary from 8% to 10½% and rates on short term business loans vary from 7% to 7½%.

3. All banking offices observe the following hours: Monday through Thursday 10:00 a.m. to 3:00 p.m.; Friday 10:00 a.m. to 6:00 p.m.

4. The rate of return on capital and the loan to deposit ratio were not generally available, and therefore, were excluded from this schedule.

NATIONAL BANK OF COMMERCE OF SEATTLE

GX R-1

COPY

Buck Dep. Ex. 1

Loney Dep. Ex. 1

December 29, 1967

Mr. Dean W. Loney
Loney, Westland & Raekas
Attorneys-at-Law
P. O. Box 6125
Kennewick, Washington 99336

Dear Mr. Loney:

This letter is written to clarify the relationship between the National Bank of Commerce and the organizers of the proposed Columbia Center National Bank.

As you know, there is not now, and never has been, any written or oral agreement or understanding between and/or among the organizers and the National Bank of Commerce of Seattle with respect to acquisition of the proposed bank. Upon advice of counsel we have been extremely (perhaps excessively) cautious to avoid this. Therefore, we feel there is nothing requiring disclosure under the provisions of Paragraph "Seventh" of the application.

It is true, nevertheless, that our bank has inspired submission of the application and is hopeful that at an appropriate future time it will be possible to acquire the bank for incorporation within its branch system. In order to insure full disclosure of the facts, it would be appropriate to bring the following to the attention of the Comptroller of the Currency by copy of this letter. We have previously discussed much of this orally with the Regional Comptroller, Mr. Kenneth W. Leaf.

The stockholders will include several directors and one active senior officer and director of the National Bank of Commerce. The latter will retire from the National Bank of Commerce and from its board prior to opening of the new bank, and will then stand for election to its board. Another of the directors of the new bank will also be a retired National Bank of Commerce senior officer. The majority stock will be in hands friendly to the National Bank of Commerce in order to insure as much as possible its future as a branch of that bank, yet avoid certain legal problems which could arise if it were not to agree or contract with respect to its acquisition.

COPY

NATIONAL BANK OF COMMERCE OF SEATTLE

Mr. Dean W. Loney - 2 December 21, 1967

The National Bank of Commerce has furnished assistance in developing and presenting economic data in support of the application. It is assisting in negotiations with the landlord for quarters and is responsible for obtaining the exclusive offer of space for this new bank within the shopping center being developed by the landlord. National Bank of Commerce has also assisted in obtaining the president of the proposed bank, and in the interim, will put him on its own payroll in a regional shopping center branch of the National Bank of Commerce to familiarize him with the type of banking he will encounter when the new bank opens in the Columbia Center.

National Bank of Commerce will assist the new bank in its investment, credit, operating, audit and personnel problems, as well as becoming its principal correspondent. In short, National Bank of Commerce is willing to do anything it is legally able to do now and in the future to insure the success of the new bank.

Sincerely yours,

Robert F. Buck
Senior Vice President

RFBtws

GX K-37

Buck Dep. Ex. 2

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 0120
000 WEST HENDRICKS AVENUE
EDMONDS, WASHINGTON 0000

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP M. RAEKES

AREA CODE 000
TELEPHONE 000-0000

January 3, 1968

RECEIVED
JAN 4 19

COPY

Mr. Kenneth W. Leaf
Regional Administrator of National Banks
Thirteenth National Bank Region
813 SW Alder St., Room 601
Portland, Oregon 97205

Dear Mr. Leaf:

We are pleased to enclose in triplicate, the following documents:

1. Amended Application to Organize Proposed Columbia Center National Bank

2. Appointment of Agent.

You will note that we have added the additional names of Wylie Miller Hemphill, Ralph John Stowell, Wilbur Harold McGuire and Charles J. Broughton as applicants for the formation of the proposed national bank.

Under separate cover we are forwarding you the financial reports and biographical information concerning each of the new applicants.

We further wish to call to your attention the attached copy of letter from Robert P. Buck, Senior Vice President of the National Bank of Commerce, which we trust clarifies the relationship between National Bank of Commerce and the organizers of the proposed new national bank.

We further wish to point out to you that inasmuch as the new members have been added to the application that the 40 percent figure set forth in my letter of December 7 is perhaps inaccurate at this time. The 40 percent figure mentioned in that letter did not include the list of applicants attached to the letter

who have now become organizers.

We attach a copy of a letter, in triplicate, from Allied Stores Corporation signed by Mr. M. E. Boys, in which they ask that we take all steps to attempt to obtain permission for the bank.

In view of the urgency of the plans of Allied Stores Corporation, we will make every attempt to furnish you additional information as you may require and we welcome the opportunity to meet with you in Portland at your convenience, if we can be of any assistance.

We are also sending you under separate cover an Economic Analysis of the Tri-City Area prepared by Mr. Bertrand Field, Economist.

If you need additional information, please let me know.

Yours respectfully,

LONEY, WESTLAND & RAEKES

DWL/bdc

By: William L. Loney

NATIO' .L BANK OF COMMERCE OF SEATTLE

COPY

January 15, 1968

Mr. Kenneth W. Leaf
Regional Administrator of National Banks
Thirteenth National Bank Region
813 S. W. Alder Street, Room 601
Portland, Oregon 97205

Dear Ken:

Subject: Columbia Center National Bank

You will find enclosed amended forms for Mr. Ralph J. Stowell and Mr. Wilbur H. McGuire. Mr. Wylie Hemphill has prepared and we have typed explanations of those differences you found on his forms, but he is out of town until Thursday of this week at which time we will get these in the mail.

Mr. Loney is obtaining the additional information you required from Mr. Broughton.

If there is anything further you need before proceeding, please give me a ring. All good wishes.

Cordially,

Robert F. Buck
Senior Vice President

RFB:ws

Enclosures

cc: Mr. Dean W. Loney

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6125
800 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

SEAN W. LONEY
JOHN A. WESTLAND
PHILIP M. RAEKES

AREA CODE 509
TELEPHONE 582-3[illegible]

January 17, 1968

Mr. Kenneth W. Leaf
Regional Administrator of National Banks
813 SW Alder St., Room 601
Portland, Oregon 97205

Dear Mr. Leaf:

Re: Columbia Center National Bank

We are enclosing the Biographical Reports in triplicate for Mr. Charles J. Broughton.

It will be noted that the Biographical Reports have been changed and initialed by Mr. Broughton to furnish the additional information.

We are also enclosing an Affidavit signed by me relating to the financial and biographical information perviously submitted.

Very truly yours,

LONEY, WESTLAND & RAEKES

DWL/bdc

By: /s/ [illegible]

cc: Robert Buck
National Bank of Commerce
Seattle, Washington

COMB 011 000

NATION L BANK OF COMMERCE OF SEATTLE

COPY.

January 18, 1968

Mr. Kenneth W. Leaf
Regional Administrator of National Banks
813 S. W. Alder Street, Room 601
Portland, Oregon 97205

Dear Ken:

Subject: Columbia Center National Bank

Mr. Wylie Hemphill has returned and his amended forms are enclosed herewith.

Mr. Boys of Allied Stores has agreed to write a letter extending the deadline on the invitation to be in the Center. I shall forward that as soon as it is received.

In accordance with our conversation yesterday, Mr. Carrington is preparing biographical and financial information which we will forward as soon as he has these completed. But, if it will be necessary for you to defer further processing of the application pending receipt of his data, we would prefer to leave him out as an organizer at the present time and have him join as a stockholder later. We do not want to cause any further delays.

Thanks for your consideration and your counsel.

Sincerely,

Robert F. Buck
Senior Vice President

RFB:ws

Enclosures

cc: Mr. Dean W. Loney
Kennewick, Washington

GX K-41

United States Treasury

THE REGIONAL ADMINISTRATOR OF NATIONAL BANKS

THIRTEENTH NATIONAL BANK REGION
610 SOUTHWEST ALDER STREET, ROOM 501
PORTLAND, OREGON 97205

January 19, 1968

Mr. Dean W. Loney
Attorney at Law
Post Office Box 6125
Kennewick, Washington 99336

Dear Mr. Loney:

This is to formally acknowledge receipt of the reapplication to organize a new national bank in the Columbia Center, Kennewick, Washington. Within a few weeks an examiner will contact you relative to conducting the field investigation.

Very truly yours,

Kenneth W. Leap

KENNETH W. LEAP
Regional Administrator of National Banks

GX K-42-a

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6128
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP H. RAEKES
JOHN T. ROBSON, JR.

AREA CODE 509
TELEPHONE 582-[illegible]

January 22, 1968

Mr. Kenneth W. Leaf
Regional Administrator of National Banks
813 SW Alder St., Room 601
Portland, Oregon, 97205

Re: Columbia Center National Bank

Dear Mr. Leaf:

Under separate cover we are forwarding a copy of the year end edition of the Tri-City Herald, which we hope will be of help to you in reviewing the application for the new bank.

By copy of this letter to Mr. Buck, I am asking him to forward the additional copies that he has in his file.

The Atomic Energy Commission has just announced the proposed shut down of B Reactor at the Hanford operation at the Hanford location.

We have discussed the effect of this shut down with Mr. Bertrand Field, the Economist who prepared the study for our organization.

Mr. Field assures us that the consequences of this shut down will be trivial. He directed our attention to Assumption No. 1 in his report, in which the possibilities of a shut down of the Reactor were anticipated, but he further assures us that the start up of a fast flux reactor and the announced expansion at Battelle Northwest Laboratories will off-set any job changes and that his forecast for 1970 remains substantially the same.

I acknowledge receipt of the Biographical Information concerning Mr. Anderson and will make the changes and return to you.

Yours very truly,

LONEY, WESTLAND & RAEKES

By: [signature]

DWL/bdc

cc: Mr. Bertrand Field
Mr. Robert Buck

COPY

NATION. . BANK OF COMMERCE OF :ATTLE

January 24, 1968

Mr. Kenneth W. Leaf
Regional Administrator of National Banks
Thirteenth National Bank Region
813 S. W. Alder Street, Room 601
Portland, Oregon 97205

Dear Ken:

Subject: Columbia Center National Bank

In accordance with our conversation we are enclosing a couple of copies of the year-end edition of the Tri-City Herald. This is a pretty impressive chronicle of growth. As you know, we have a lot of confidence in the future of the Tri-Cities area.

Please add these to your file on the Columbia Center National Bank application.

Sincerely,

Robert F. Buck
Senior Vice President

RFB:ve

Enclosures

cc: Mr. Dean W. Loney
Kennewick, Washington

GX K-43-a

NATIONAL BANK OF COMMERCE OF SEATTLE

COPY

January 25, 1968

Mr. Dean W. Loney
Loney, Westland & Raskas
P. O. Box 6125
Kennewick, Washington 99336

Dear Dean:

Subject: Columbia Center National Bank

Following your instructions we are enclosing the following:

(1) Three copies of the Form 1955-1, Supplement to Application to Organize a National Bank. Please note we have typed all names for signature.

(2) Three copies each of Mr. Glenn Carrington's biographical and financial statements and accompanying exhibits, supporting Schedule E.

We are sending these to you to look over and to get the additional signatures after which they can be sent on to Ken Leaf. The third copy is for your own file.

Today we received the copy of Marvin Boys' letter giving us a 30-day extension on the space. Presumably you will forward two copies of that letter to Ken Leaf along with the remainder of this "stuff!"

If there is anything else we can provide, let us know.

Kind regards,

Robert F. Buck
Senior Vice President

RFB:ws

Enclosures

GX K-43-b

ALLIED STORES CORPORATION
401 FIFTH AVENUE
NEW YORK

RECEIVED
JAN 25 1968

Reply to: P. O. Box 2232
Seattle, Washington 98111
Mutual 2-1604

January 24, 1968

Mr. Dean W. Loney
Columbia Center National Bank
Loney, Westland & Raekes
P. O. Box 6125
Kennewick, Washington 99336

Dear Mr. Loney:

It is apparent from a recent conversation I had that your charter will not be approved by January 22, 1968. You have asked for an additional 30 day extension.

I, therefore, grant that extension of time so the termination date of this agreement will be February 22, 1968, per your request.

Very truly yours,

REALBON CORPORATION

M. E. Boys
Vice President

MEB:sj
cc - Mr. Rex Allison
Mr. Andrew Price

GX K-44

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 8128
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP M. RAEKES
JOHN T. ROBSON, JR.

AREA CODE 509
TELEPHONE 582-1

January 26, 1968

Mr. Kenneth Leaf
Regional Administrator of National Banks
Thirteenth National Bank Region
813 SW Alder Street, Room 601
Portland, Oregon 97205

Re: Columbia Center National Bank

Dear Mr. Leaf:

We enclose two copies of a letter from Mr. Boys extending the time for our lease until February 22, 1968.

The additional information you have requested is forthcoming shortly.

Yours very truly,

LONEY, WESTLAND & RAEKES

DWL/bdc
encl:

By: Dean W. Loney

cc: Robert Buck

GX K-45

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP M. RAEKES
JOHN T. ROBSON, JR.

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 8128
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

AREA CODE 509
TELEPHONE 582-3101

January 30, 1968

Ralph J. Stowell
National Bank of Commerce
PO Box 3966
Seattle, Washington 98124

Re: Columbia Center National Bank

Dear Mr. Stowell:

We are enclosing a copy of the letter received from Mr. Anderson advising that he has taken a position with another bank and also a copy of the letter from Mr. Leaf, concerning the filing of an application by the L. E. Babcock Group.

We are also returning the three copies of the Biographical Information submitted by Mr. Carrington. In reviewing this, it would appear that the answers given in response to Section 9c, concerning other bank relationships should be enlarged to include all checking and savings accounts that Mr. Carrington maintains. Under the instructions it requires information concerning all banks and similar financial institutions such as building and loan associations, in which a relationship was maintained as depositor, borrower, shareholder, or director. It appears on Schedule A of the Financial Information, Mr. Carrington has savings and checking accounts with the National Bank of Commerce and also two savings certificates. If you would ask the secretary who prepared the report to change this page containing Schedule 9c, we could then insert it and forward the originals for filing with the Regional Administrator.

If you have any questions, please call.

Yours very truly,

LONEY, WESTLAND & RAEKES

By: Dean W. Loney

DWL/bdc

GX K-46-a

RECEIVED
FEB 5 1968

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6128
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP M. RAEKES
JOHN T. ROBSON, JR.

AREA CODE 509
TELEPHONE 582-[illegible]

February 2, 1968

Mr. Ralph J. Stowell
National Bank of Commerce of Seattle
PO Box 3966
Seattle, Washington

Dear Mr. Stowell:

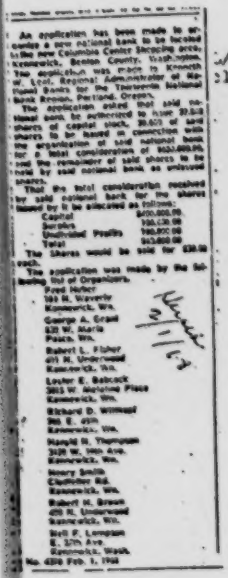
Enclosed please find a copy of a letter from Mr. Leaf advising that it might take several months to process our application.

Yours very truly,

LONEY, WESTLAND & RAEKES

By: Dean W. Loney

:/bdc
:1:



An application has been made to organize a new national bank to be located in the new Columbia Center Shopping area, Kennewick, Benton County, Washington. The application was made to Kenneth W. Leaf, Regional Administrator of National Banks for the Thirteenth National Bank Region, Portland, Oregon.

The application asked that said national bank be authorized to issue 20,000 shares of capital stock, $5.00 par value, shares to be issued in connection with the organization of said national bank for a total consideration of $100,000.00, and the remainder of said shares to be issued by said national bank as entered shares.

That the total consideration received by said national bank for the shares issued by it be allocated as follows:

Capital	$100,000.00
Surplus	100,000.00
Undivided Profits	100,000.00
Total	$300,000.00

The shares would be sold for $20.00 each.

The application was made by the following list of Organizers.

Fred Neher
103 N. Waverly
Kennewick, Wn.

George A. Grant
420 W. Marie
Pasco, Wn.

Robert L. Fisher
411 N. Underwood
Kennewick, Wn.

Lester E. Babcock
2011 W. Hermiston Place
Kennewick, Wn.

Richard D. Wilmot
[illegible] E. 45th
Kennewick, Wn.

Harold G. Thompson
[illegible] W. 10th Ave.
Kennewick, Wn.

Henry Smith
Chiefview Rd.
Kennewick, Wn.

Robert H. Brown
[illegible] N. Underwood
Kennewick, Wn.

Neil F. Lampson
E. 37th Ave
Kennewick, Wash.

No. 436 Feb. 1, 1968

GX K-46-b

United States Treasury

THE REGIONAL ADMINISTRATOR OF NATIONAL BANKS

THIRTEENTH NATIONAL BANK REGION
915 SOUTHWEST ALDER STREET, ROOM 501
PORTLAND, OREGON 97205

January 31 1968

Mr. Dean W. Loney
Attorney at Law
Post Office Box 6125
Kennewick, Washington 99336

Re: Application to organize a new national bank in the Columbia Center, Kennewick, Washington

Dear Mr. Loney:

Receipt is acknowledged of your letter of January 26 informing us that the arrangement for space in the center for the bank will terminate February 22, 1968.

With the great interest that has developed in establishing a banking office in the center, it is not likely that the Comptroller of the Currency will have reached a decision concerning your application for several months.

Very truly yours,

Kenneth W. Leaf

KENNETH W. LEAF
Regional Administrator of National Banks

GX K-47

INTER OFFICE CORRESPONDENCE

FROM Kennewick BRANCH

SUBJECT

DATE February 28, 1968

THE NATIONAL BANK OF COMMERCE OF SEATTLE

TO Mr. Andrew Price, Jr.
Chairman of the Board
HEAD OFFICE

RECEIVED
FEB 29 1968

Dear Andy:

Due to the lateness of the hour after attending the luncheon sponsored by the Bon Marche, this letter will reach you not much later than a telephone call.

The luncheon was attended by a very small group, consisting of Mr. Boyce (?) of Allied Stores, a representative of the John Graham & Co., architects, Maurice Smith, manager of the Bon Marche in Richland, Glenn Lee, publisher of the Tri City Herald, Tom Black, manager of Benton County P.U.D., Boyd Southwick, executive manager of the Chamber, Har Winegar, Kennewick City manager, and Bert Field, economist for Douglas United.

Mr. Boyce stated that within three weeks invitations for bids will go out for construction of the portion to be occupied by the Bon Marche and that architectural drawings are progressing whereby other bids will be forthcoming and that they are still confident that the completion date will be in mid-1969. Various questions came up as to the tenants and the center should have 60 tenants to begin with, with room for expansion in the distant future, if necessary.

Mr. Lee brought up the subject of the banking facility and Mr. Boyce was emphatic in stating that he was quite disturbed that a charter had not as yet been granted and he could not understand the reason for the delay, as he understood that there were several applications. He did state that his people had a preferance, and I have no doubt but that all present knew that he was referring to National Bank of Commerce.

After the luncheon, I visited with him briefly and stated that we also would like to know what is delaying the granting of a charter. He stated that he was in contact with you and Bob Buck quite regularly, but that if there was anything he or his officials could do, they would be most cooperative.

Bert Field stated that Mr. Boyce would like to have a copy of the survey he had prepared and I told him that I did not have one, so possibly it would be well if you would make one available to Mr. Boyce if that is permissable.

The word "politics" was mentioned by Mr. Boyce, so apparently he thinks that if there are any strings to be pulled, we should not hesitate to do so.

Sincerely,

L. B. Beavers
Vice President and Manager

LBB:CF

GX K-48-a

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6128
200 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 9913

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP H. RAEKES

AREA CODE
TELEPHONE

RECEIV
MAR 11

March 8, 1968

COPY

Mr. Kenneth W. Leaf
Regional Administrator of National Banks
813 SW Alder Street, Room 601
Portland, Oregon 97205

Re: Columbia Center National Bank

Dear Mr. Leaf:

We enclose a copy of letter from Mr. Boys dated March 6, 1968, expressing their problems in connection with the design and construction of the facility at the Columbia Shopping Center.

We certainly realize that you have many things to consider but we stand ready to assist you in any way possible in furnishing additional information to you in order that we can help solve Mr. Boys' problems and, if possible, proceed with the design and construction of the Columbia Center.

I certainly appreciate your courtesies and will look forward to being able to furnish any additional information that you may require.

Yours respectfully,

LONEY, WESTLAND & RAEKES

By: Dean W. Loney

DWL/bdc

encl:

cc: N. E. Boys
Andrew Price

GX K-48-b

RECEIVED
MAR 7 1968

March 6, 1968

Mr. Dean W. Loney
Columbia Center National Bank
Loney, Westland & Raekes
P. O. Box 6125
Kennewick, Washington 99336

Dear Mr. Loney:

I am sure you are aware that we are going out for bids today on The Bon Marche Columbia Center with the rest of the center to be bid within the next three weeks. We are presently on schedule and I anticipate opening this center in July of 1969.

You have asked for an extension of time on the consideration of your having to wait for a decision on the charter. I understand you wish me to give you an additional sixty days which would be April 22, 1968. I am hereby granting this extension on the basis that if you are successful in being awarded the charter for this location, you will plan on having your facility open for business not later than June 1, 1969.

At the present time we are of the opinion that the bank building should be free standing. Again, this is something you may not necessarily agree with. We are presently well along with our leasing program and in two months I am sure we will probably have the center 95% leased. It will be very hard for us to hold sufficient space available on the mall for the banking facility based on this delayed schedule. So it would appear that a free standing facility will be necessary.

I am, therefore, granting this extension to April 22, 1968; and I am hopeful we will not have to wait that long for a decision because it does cause us considerable hardships in our planning. It is necessary that we have the bank open previous to the opening of the center. At the present time we haven't even decided on the architect or done any planning for such a building.

Very truly yours,

REALCO CORPORATION

H. E. Boye
Vice President

HEB:sj
cc - Mr. Rex Allison
Mr. Andrew Price

GX K-49-a

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6125
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP M. RAEKES
JOHN T. ROBSON, JR.

AREA CODE 509
TELEPHONE 582-0351

March 14, 1968

Robert Buck
Senior Vice President
National Bank of Commerce
PO Box 3966
Seattle, Washington 98124

Re: Columbia Center National Bank

Dear Bob:

Enclosed is copy of statement from Bertrand B. Field in the sum of $1000. How would you suggest that we handle this. Should we each advance a percentage of it?

I would appreciate your advice in this regard.

Yours very truly,

LONEY, WESTLAND & RAEKES

By: [signature]

DWL/bde

Discussed with Dean on [illegible] — he will [illegible] (Whitaker) approval [illegible] 3/15

GX K-49-b

BERTRAND B. FIELD
3316 ENTERPRISE DR.
RICHLAND, WASH. 99352

March 11, 1968

Mr. Dean W. Loney
Loney, Westland & Rockes
300 W. Kennewick Avenue
Kennewick, Washington 99336

Economic research & consulting Services rendered to organizers of

Columbia Center National Bank

Fee, per agreement, $1,000.00

Bertrand B. Field
Consulting Economist

GX K-50

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6125
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP M. RAEKES
JOHN T. ROBSON, JR.

AREA CODE 509
TELEPHONE 582-7[illegible]

March 14, 1968

Mr. Robert Buck
National Bank of Commerce
PO Box 3966
Seattle, Washington

Re: Columbia Center National Bank

Dear Bob:

This is to advise you that I received a call from Morris Smith, one of the incorporators of the bank, advising that he has been offered an opportunity to manage the Bon Marche in a large shopping center in Ogden, Utah, and he is therefore taking this opportunity and will be moving from the Tri-City area on Friday, March 15, 1968.

The local bank examiner, Mr. Leonard Davis, has been advised of this fact and he is changing the file to show that Mr. Smith will continue to be a proposed organizer but will no longer be a proposed director.

I also received a call from Mr. Erickson advising that the $5 per square foot was a reasonable figure to use as rental in the Center. This information was conveyed to Mr. Leonard Davis. He was also advised that this figure would be in addition to the tenant improvements necessary for the operation of the bank. If for any reason this is incorrect, would you please let me know.

Very truly yours,

LONEY, WESTLAND & RAEKES

By: [signature]

DWL/bdc

GX K-51-a

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP H. RAEKES

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6125
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

AREA CODE 509
TELEPHONE 582-2101

March 20, 1968

Mr. Kenneth W. Leaf
Regional Administrator of National Banks
813 SW Alder St., Suite 601
Portland, Oregon 97205

Re: Columbia Center National Bank

Dear Mr. Leaf:

Enclosed for your files is copy of commitment letter of Mr. Robert Buck.

Thank you.

Yours very truly,

LONEY, WESTLAND & RAEKES

By: Dean W. Loney

DWL/bdc
encl:

cc: Robert Buck

MAR 19 1968

GX K-51-b

THE NATIONAL BANK OF COMMERCE OF SEATTLE
HEAD OFFICE · SEATTLE, WASHINGTON

ROBERT P. BUCK
SENIOR VICE PRESIDENT

March 15, 1968

Mr. Dean W. Loney
Columbia Center National Bank
Loney, Westland & Raekes
P.O. Box 6125
Kennewick, Washington 99336

Dear Dean:

You and I have discussed by telephone my conversations last week with Mr. Leaf with respect to management of your proposed bank in the light of Mr. Richard Anderson's decision to accept a job elsewhere. In brief, for the record, we have committed the National Bank of Commerce to supply for the proposed bank such management as will be satisfactory to the Comptrollers of the Currency. If this requires assigning someone from our present staff we are prepared to do so. It is my understanding that the Comptroller will not now, therefore, require the name of the proposed Chief Executive in order to finish processing the application for the charter.

If it will be helpful in the Comptroller's consideration of the application you are authorized to furnish him with a copy of this letter in attestation of our agreement.

Sincerely,

RPB:gc

GX K-51-c

SECOND AVENUE AT SPRING STREET
AREA CODE 206 MAIN 3-0121

Head Office....P. O. BOX 3966, SEATTLE, WASHINGTON 98124

ROBERT P. BOEN

The National Bank of Commerce of Seattle

June 1, 1967

Mr. Dean W. Loney
Loney, Westland & Koontz
300 Kennewick Avenue
Kennewick, Washington 99336

Dear Dean:

Enclosed in extreme confidence is a photocopy of the resume on Richard E. Anderson, President of The First Bank of Cordova. I first met and was impressed by Dick at the Alaska Bankers Convention a year ago. Last week I again had the opportunity to observe him and came to the conclusion that he might be the kind of man for whom we are all looking. Will you please look over his qualifications and give me your comments. Perhaps you would like to discuss them also with Mr. Leaf, although all of this must be done in such a way as to preserve Dick's secret, as he obviously cannot have it get back to Alaska that he may be interested in leaving.

As you can see from his picture, he is an engaging personality. His wife also is quite personable. Dick's manner is easy and friendly. He is articulate, speaking clearly and plainly. In brief, I think he would make a good man for our branch system.

His present bank had deposits of $4,237,000.00 as of the end of the year. Dick Borer, the Chairman of the Board, has relinquished most of the day-to-day operations of the bank, so Dick Anderson should be familiar with what would be required of him. I admit his experience has been short, but I think with the assistance we could give him on investments, personnel, etc. he probably would get along well.

Dick plans to make a trip to Chicago the first of July and could stop off for an interview going or coming. However, it might be we could fly him down especially if it isn't possible to wait that long.

Meanwhile, I learned from Andy this morning that the statistical information has not yet gone forward to you, but we are in the process of getting it together.

I will try to keep you better informed now that I am home again for a while.

Cordially,

Robert F. Buck
Senior Vice President

RFB:ws

Enclosures

GX K-51-d

ESTABLISHED 1906

The First Bank of Cordova

P.O. BOX 280

Cordova, Alaska 99574

NAME - Richard E. Anderson

AGE - 32

BORN - January 14, 1935 in Austin, Minnesota.

MARITAL STATUS - Wife Nancy and three daughters; Cynthia, Jean, & Stacey.

EDUCATION - University of Minnesota & Mankato State College.
B. S. in Business.
Graduate School in Economics & Psychology.
Pacific Coast Banking School - Completed first year 1966-1967.

MILITARY SERVICE - U. S. Navy with Honorable Discharge.

WORK EXPERIENCE - Citizens State Bank of Gaylord, Minnesota 1961-1963.
Duties - Teller and loan officer.

First National Bank of Anchorage, Alaska (Oct. 1963-March 1966).
Duties - Loan Officer (Ass't Cashier & Ass't Vice-President).

The First Bank of Cordova, Alaska.
Duties - Overall Operation (Vice-President March 1966 - July 1966).
President, Cashier, & Director July 1966 to present.

BANKING ORGANIZATIONS - Former instructor in Economics and Business Administration.
Former director and instructor in the American Institute of Banking.
Chairman of the Audit Committee of the Alaska Bankers' Assoc.
Member of the Legislative Committee of Alaska Bankers' Assoc.

COMMUNITY ACTIVITIES - Member of City Planning Commission.
Director and Secretary-Treasurer of Chamber of Commerce.
Director of Cortella Coal Corporation.
Director of Cordova Christian Center.
Treasurer of B.P.O.E. #1483.
Representative to Lions International.
Member of L.O.O.M. #1266.
Chairman of Heart Fund Drive.
University of Minnesota "M" Club.

HOBBIES - All sports activities.

GX K-52

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6139
800 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP M. RAEKES

AREA CODE 509
TELEPHONE 582-0

COPY

April 26, 1968

The Bon Marche
2265 Washington Boulevard
Ogden, Utah 84401

Attention: Morris J. Smith

Dear Morris:

Thank you for your letter of April 20, 1968.

I am asking for clarification of the permission for you to be a stockholder and will advise you as soon as I have been able to review this. I would hope that there would be no objection, but will let you know.

It's nice to hear from you and I wish you all the best.

Yours very truly,

LONEY, WESTLAND & RAEKES

DWL/bdc By: Dean W. Loney

cc: Robert F. Buck

P.S. Call me on your return

COPY

NATIONAL BANK OF COMMERCE OF SEATTLE

Later: Dean:

I have just talked with Mr. Boys who is sending a wire tonight to Mr. deShazo saying he giving the Columbia Center National Bank an extension to May 24, 1968 for our exclusive invitation to establish a bank.

R. F. Buck

May 9, 1968

Mr. Thomas G. DeShazo
Deputy Comptroller of the Currency
United States Treasury
Washington, D. C. 20220

Dear Mr. DeShazo:

Subject: Columbia Center National Bank Application
Kennewick, Washington

In accordance with your conversation with Mr. Price when he was in your office today, we are enclosing a copy of a letter dated September 22, 1967 from Mr. H. E. Boys, Vice President of Realbon Corporation, to Mr. Dean W. Loney, Agent for the Columbia Center National Bank, Kennewick, Washington.

This is the underlying letter indicating that space is being held in the Columbia Center for the proposed bank. Mr. Boys has advised us orally that he continues to hold the space for the Columbia Center National Bank Group. We will endeavor to obtain a written confirmation from him a copy of which will be forwarded to you.

Sincerely yours,

T. Robert Faragher
Executive Vice President

TRF:vs

Enclosure

cc: Mr. Kenneth W. Leaf, Portland
Mr. H. O. Price, Seattle
Mr. Dean W. Loney, Kennewick

GX K-53-b

ALLIED STORES CORPORATION
401 FIFTH AVENUE
NEW YORK

P. O. Box 2232
Seattle, Washington 98111
Mutual 2-1604

September 22, 1967

Mr. Dean W. Loney, Agent
Columbia Center National Bank
Loney, Westland & Raekes
P. O. Box 6125
Kennewick, Washington 99336

Dear Mr. Loney:

On several occasions you have made inquiries about space in our Columbia Center project at Kennewick for the proposed Columbia Center National Bank, with which you are affiliated.

As you know, Realbon owns approximately 80 acres of which we propose to develop 50 acres immediately for a shopping center. This center is in the planning stages at this time and the eventual building program will include a J. C. Penney Company store, The Bon Marche and approximately 60 other retail establishments. Consequently, there will be space for one commercial type bank.

It is our hope that Columbia Center National Bank will be able to establish its office in this center. We have had inquiries from other banks, but due to the fact you have spoken to us first, it is our intention to make space available to only one facility. On that basis you will have the first opportunity.

We presently are setting up our leasing program and very shortly we will be able to draw up firm leases for space in this center. At that time, we will most certainly contact you. I fully understand, however, the lease cannot be drawn up until permission for the establishment of the bank has been received from the Comptroller of the Currency. On the basis of our previous meetings, I will hold space open for you until such time as your bank will be approved by the Comptroller of the Currency, which I am hopeful you will be able to secure.

Very truly yours,

REALBON CORPORATION

M. E. Boys
Vice President

MEB:aj

COPY

NATIONAL BANK OF COMMERCE OF SEATTLE

May 15, 1968

Mr. Kenneth W. Leaf
Regional Administrator of National Banks
Thirteenth National Bank Region
813 S. W. Alder Street, Room 601
Portland, Oregon 97205

Dear Mr. Leaf:

Subject: Columbia Center National Bank Application

Attached is a copy of the wire which was sent by Mr. H. E. Boye to Mr. Thomas G. DeSanzo on May 9, 1968. It is the one to which I made reference in my conversation with you earlier this week.

Sincerely yours,

Andrew Price, Jr.
Chairman

APiws

Enclosure

cc: Mr. Dean W. Lonay, Kennewick
Mr. H. O. Price, Seattle

GX K-54-b

WESTERN UNION TELEX SERVICE

(3238(11o..)

DON MARCHE SEA

TLX T SEATTLE WASH 9/1

MR. THOMAS G. DESHAZO

DEPUTY CONTROLLER OF CURRENCY

U.S. TREASURY

WASHINGTON

D.C.

I HAVE EXTENDED THE EXCLUSIVE INVITATION TO HOLD SPACE FOR
CENTER
[redacted] NATIONAL BANK GROUP UNTIL FRIDAY MAY 24 TO PERMIT T
FOR DECISION BY YOUR OFFICE. I UNDERSTAND THIS DECISION WI
BE FORTHCOMING VERY SHORTLY

H.E. DOYS VICE PRESIDENT

REALPOR CORPORATION

WU TLX TEX WSH

(1136)

PDN MARCHE SEA

COPY

NATIONAL BANK OF COMMERCE OF SEATTLE

May 23, 1968

Mr. Thomas G. DeShazo
Deputy Comptroller of the Currency
United States Treasury
Washington, D. C. 20220

Dear Mr. DeShazo:

Subject: Columbia Center National Bank Application
Kennewick, Washington

You will find enclosed a copy of a letter addressed by the owners of the Columbia Center at Kennewick, Washington to Mr. Dean W. Loney detailing the progress being made in leasing space in the Shopping Center and the status of its construction to date.

A map is also attached showing in red the space for which leases have been executed and in blue that space covered by letters of intent. For your information, Ernst-Malmo and Pay'N Save Drugs, listed as "local tenants," are part of a multimillion dollar regional chain, with outlets in Washington and Oregon, having financial stability equal to that of some of the national tenants.

If there is anything further we can supply to assist you in your analysis of this application, please let me know.

Sincerely yours,

Robert F. Buck
Senior Vice President

RFBtus

Enclosures

cc: Mr. Kenneth U. Leaf
Mr. Dean W. Loney

COMM 611 000

COPY

NATIONAL BANK OF COMMERCE OF SEATTLE

May 23, 1968

Mr. Kenneth W. Leaf
Regional Administrator of National Banks
Thirteenth National Bank Region
813 S. W. Alder Street, Room 601
Portland, Oregon 97205

Dear Mr. Leaf:

Subject: Columbia Center National Bank Application
Kennewick, Washington

The enclosed copy of a letter to Mr. DeShazo and the attachments thereto should be self-explanatory, but if you have any questions or want anything further on this please let us know.

Thanks for your consideration.

Sincerely yours,

Robert F. Buck
Senior Vice President

RFB:ws

Enclosures

cc: Mr. Dean W. Loney

GX K-55-c

RECEIVED
MAY 24 1968

COLUMBIA CENTER
P.O. Box 2332, Seattle, Wash. 98111 ☎ MU 2-1804

May 23, 1968

Mr. Dean W. Loney
Columbia Center National Bank
Loney, Westland and Raekes
P. O. Box 6125
Kennewick, Washington 99336

Dear Mr. Loney:

So that you are well aware of the urgency of establishing your banking facility in Columbia Center, I thought it necessary that I appraise you of the progress of the job as it exists at this time.

We have received bids on all phases of the construction. I have divided it into The Bon Marche building and the shopping center including the mall. The J. C. Penney Company has taken bids for their structure so the total project is now bid and contracts will be awarded probably this week. All of the utilities and site work have been done so we can go into construction of the structures immediately. I anticipate they will be well along toward completion by January 1969.

Our leasing program is well underway, and at the present time we have over 50% of the gross leasable area under lease exclusive of The Bon Marche and the J. C. Penney Company which as you know are building their own buildings and certainly would be construed as leased space. All of these tenants have been inquiring about banking facilities and as yet, I have been unable to give them a firm statement that you people will be the commercial banking facility in this center. As you know, I have been reserving the space for your facility in the center, and I will continue to reserve it for you due to the fact that we feel you have a proprietory right to the location on the site. Until such time as you tell me you cannot provide such a facility, I will retain this site for your occupancy.

I am enclosing a roster of the tenants we now have under lease for your information, as they will be probable customers of whatever banking facility is established. I thought this would be of interest to you.

I wish to reiterate my feelings that we hope you are successful in acquiring your charter for this location. Until such time as you inform me that you have been turned down by the Controller of the Currency, I will retain this location exclusively for you.

Sincerely,

REALBON CORPORATION

M. E. Boys
Vice President

MEB:sj
enc.

COLUMBIA CENTER

TENANT LIST AS OF MAY 21, 1968

The Bon Marche

J. C. Penney Company

National Chains:

Florsheim Shoes

Red Cross Shoes

Thom McAn Shoes

Leed's Women's Shoes

Orange Julius

Lerner

Zale Jewelry

Local Tenants:

Ernst Hardware-Malmo

Pay'n Save Drugs

Commercial Appliance Service

Kaymax Travel Agency

Hickory Farms

Shield's Books and Stationery

Dodson's Jewelry

Carl's Family Apparel

Hazel's Candies

Jess Barber Women's Apparel

Patterson's Women's Apparel

Local Tenant's Cont'd.:

Wades Men's Wear

Hallmark Cards

Lee Semon Men's Wear

Hole 'n One Donut

Hammars Uniforms

Flower Basket

Squire Shop

Commitment Letters out:

Singer Sewing Machines

Merle Norman Cosmetics

Woolworths

GX K-56 .

THE ADMINISTRATOR OF NATIONAL BANKS
WASHINGTON

May 28, 1968

Mr. Robert F. Buck
Senior Vice President
The National Bank of Commerce
of Seattle
Seattle, Washington

Dear Mr. Buck:

This will acknowledge your letter of May 23, 1968, and enclosures, in connection with the application filed by Mr. Dean W. Loney and associates for a new National Bank at Kennewick, Washington.

This material has been made a part of the record in connection with the subject proposal and will be carefully considered in our appraisal of the application.

Sincerely yours,

Thomas G. DeShazo
Deputy Comptroller of the Currency

GX R-57-a

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 8125
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP N. RAEKES
JOHN T. ROBSON, JR.

AREA CODE 5[illegible]
TELEPHONE 582-[illegible]

June 7, 1968

Robert Buck
Senior Vice President
National Bank of Commerce of Seattle
PO Box 3966
Seattle, Washington

Re: Columbia Center National Bank

Dear Bob:

Enclosed is copy of telegram received from Catherine May. You will be interested to notice that you have apparently received a charter to open a branch bank!

Yours very truly,

LONEY, WESTLAND & RAEKES

DWL/bdc
encl:

By: Dean —

Are you working w/ Boyd re: offices? Anything we need to do?

Announced by phone 6-10-68

GX K-57-b

GA
SKA064 (WW BTB134) GVT PDB BT

WASHINGTON DC JUN 5 NFT

DEAN LONEY

300 WEST KENNEWICK AVE KENNEWICK WASH

JUST INFORMED BANK OF COMMERCE HAS RECEIVED CHARTER FOR BRANCH BANK COLUMBIA SHOPPING CENTER. CONGRAULATIONS.

CATHERINE

(CATHERINE MAY MEMBER CONGRESS)

419P PDT

GX K-58

WESTERN UNION TELEGRAM

SKA052 (W KTA004) COLLECT

WUX KTA WASHINGTONDC JUNE 5 339P EST

DEAN WRIGHT LONEY

300 WEST KENNEWICK AVE TEL 582-2191 KENNEWICK WASH

PRELIMINARY APPROVAL GRANTED APPLICATION TO ORGANIZE NATIONAL BANK AT KENNEWICK WASHINGTON UNDER THE TITLE "COLUMBIA CENTER NATIONAL BANK". LETTER FOLLOWS

THOMAS G DESHAZO DEPUTY COMPTROLLER OF THE CURRENCY

GX K-59

THE ADMINISTRATOR OF NATIONAL BANKS
WASHINGTON

June 6, 1968

Mr. Dean Wright Loney
300 West Kennewick Avenue
Kennewick, Washington

Dear Mr. Loney:

We are pleased to inform you that the Comptroller of the Currency has granted preliminary approval of the application submitted by you and your associates to organize a National Bank as follows:

Title: "Columbia Center National Bank"

Location: Kennewick, Washington

Capital - Authorized -	$287,500	Shares of Stock -	2,875
Capital - Issued -	$250,000	Issued -	2,500
Surplus -	$125,000	Par Value -	$100.00
Undivided Profits -	$ 75,000	Sale Price -	$180.00

In addition to the aforementioned this approval is granted subject to the following conditions:

1. That executive management acceptable to this Office will be provided.
2. It is understood that the organizers and their interests (corporate, family, or otherwise) will hold 40% of the outstanding stock with the remainder being widely distributed throughout the market area.
3. That the use of free service charge accounts at the opening of the bank will not be permitted without the prior approval of this Office.
4. If a buy or sell agreement is contemplated between the directors or incorporators the proposed agreement should be submitted to this Office for review.
5. That all organization expenses in connection with the organization of the bank will not be capitalized but will be charged directly to the Undivided Profits Account of the bank on the General Ledger on the date the bank opens for business.
6. That the bank's books will be maintained on an accrual method acceptable to this Office.
7. An Offering Circular in connection with the issuance of the capital stock must be filed.

8. In addition to regular coverage, the bank will have in force $1,000,000 excess Fidelity Bond the date it opens for business. This should be reflected in the minutes of the meeting at which regular coverage is purchased.

Directors: At the organization meeting of the incorporators the following names should be submitted for election as interim directors:

Frederic William Albaugh
Fred Michael Cochrane
Glenn Norval Felton
Gerald Eugene Horrobin
Dean W. Loney
Willard Edward Matheson
Ralph J. Stowell
W. C. Wise

Officers:

None. See Conditions above.

Financial and Biographical Reports of any officers should be forwarded to Regional Administrator of National Banks Kenneth W. Leaf.

Banking Quarters: It is understood that the bank will be located in Columbia Center. Please submit data with information as to the terms and cost of the lease of bank premises and the estimated cost of furniture, fixtures and equipment at this site to Regional Administrator Leaf. It is expected that costs relative thereto will be kept within reasonable bounds.

The "Comptroller's Manual for National Banks" will be mailed to you under separate cover. In accordance with the attached schedule of charges please remit $25.00 payable to the Comptroller of the Currency upon receipt of the manual. Also, we are forwarding, at no cost to the bank, one each of the "Comptroller's Policy Guidelines for National Bank Directors" and "Instructions, Procedures, Forms for National Bank Examiners". Additional copies of these publications may be obtained upon request at a cost of $3.00 and $2.00 respectively.

Forms and instructions to be used in the organization procedure are enclosed. We invite your attention to page 1, paragraph 3 of the Instructions wherein the first phase of the organization should be completed within fifteen days.

We assure you that we shall be pleased to have you communicate with us at any time we can be of help to you and your associates in completing the organizational plan.

Very truly yours,

Thomas G. DeShazo
Deputy Comptroller of the Currency

Enclosures

COPY

NATIONAL BANK OF COMMERCE OF SEATTLE

June 11, 1968

Mr. Dean W. Loney, Organizer
Columbia Center National Bank
P. O. Box 6125
Kennewick, Washington 99336

Dear Dean:

You were thoughtful to send me the copy of the letter of instructions from the Comptroller. This will make it easier to follow as we go through this.

In order to complete our file, will you please also send a photostat of the June 5, 1968 telegram from the Comptroller's Office indicating approval of your application.

Everyone is pleased the Friday afternoon meeting could be postponed. It probably would be a good idea to begin thinking about a date so we could give as much notice of the meeting as possible, but, I suppose we don't really know how long it will take the Comptroller to approve the proposed articles and to advise us we are free to go ahead. What do you think?

Sincerely yours,

Robert F. Buck
Senior Vice President

RFB:ws

GX K-61

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6128
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

AREA CODE 509
TELEPHONE 582-7581

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP M. RAEKES
JOHN T. ROBSON, JR.

June 12, 1968

Robert F. Buck
Senior Vice President
National Bank of Commerce of Seattle
PO Box 3966
Seattle, Washington

Re: Columbia Center National Bank

Dear Bob:

We enclose the following documents:

1. Original and four copies of Articles of Association;

2. Original and four copies of Organization Certificate.

Please have Mr. Hemphill and Mr. Stowell sign both documents and all copies and return all but one copy of each to me in order that we may obtain the balance of the signatures. After they have been returned, I will have Albaugh, Matheson, Felton and Broughton sign.

I am also sending a letter to Mr. Douglas Graves as you suggested and a copy will be forwarded to you.

As you know the meeting of the organizers must take place shortly after the papers are filed. Mr. Cochrane is leaving the country for about a month starting June 28 and I am wondering if

you would ask your people if a date between June 24 and June 28 would be acceptable for a meeting. I would suggest perhaps, Tuesday, Wednesday or Thursday of that week.

Please let me know.

Yours very truly,

LONEY, WESTLAND & RAEKES

DWL/bdc
encl:

By:

COPY

GX K-62

June 13, 1968

Mr. Dean W. Loney, Agent
Columbia Center National Bank
P. O. Box 6125
Kennewick, Washington 99336

Dear Dean:

Enclosed are the original and four copies of the Articles of Association executed by Mr. Hemphill and Mr. Stowell. You will note that I have marked lightly in pencil the typing errors on pages 1 and 2, which you are authorized to correct, substituting new corrected pages.

The four photostat copies of the certificate of organization have been executed, and a new form of notarization eliminating the name of Mr. McGuire substituted, the original of which you can substitute for the original (which I hope you have by now found) which showed Mr. McGuire also to have signed.

According to my records, Mr. Broughton agreed to purchase 125 shares of $100 par value stock at $180. per share for a total consideration of $22,500.00. Our copy of the biographical data submitted erroneously shows this to have been 225 shares for a total cost of $22,500.00.

Mr. Carrington has not been required to execute the Articles, but our records show the amended application which added him to the list of organizers, listed him as subscribing individually for 12 shares for a total of $2,160.00. Mr. McGuire, also not signing because of his absence in Europe, subscribed for 84 shares at a total consideration of $15,120.00.

Mr. Hemphill subscribed for 125 shares costing $22,500.00, and Mr. Stowell is subscribing for 40 shares at $7,200.00. Our copy of Mr. Stowell's biographical data showed him as subscribing for 68 shares for a total of $6,800.00, but, obviously, this is incorrect. He has agreed to increase the

COPY

NATIONAL BANK OF COMMERCE OF SEATTLE

total price to $7,200.00 to round out the number of shares at 40 instead of at a fractional number as would be the case if his subscription were limited to $6,800.00.

I am going to get this in the mail and will visit with you by telephone with respect to the date of the first meeting of the organizers.

Sincerely yours,

Robert F. Buck
Senior Vice President

RFB:ws

Enclosures

GX K-63

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6128
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP M. RAEKES
JOHN T. ROBSON, JR.

AREA CODE
TELEPHONE

June 14, 1968

Mr. Charles Broughton
300 W. Main
Dayton, Washington

Re: Columbia Center National Bank

Dear Mr. Broughton:

We enclose the original and four copies of Articles of Association which should be signed by you. We are also enclosing the original and four copies of the Organization Certificate.

Would you please sign all copies of the Articles of Association and return to us. Please sign all copies of the Organization Certificate before a Notary Public and return to us.

We would like these back as soon as possible in order that they may be forwarded to the Comptroller of Currency in Washington, D. C.

I hope this finds you in good health. We are tentatively planning on a meeting of all of the incorporators in Pasco at 3:00 p.m. on June 25 or 26. I hope that you will be able to attend this meeting. We will let you know the date as soon as it has been made definite.

Yours very truly,

LONEY, WESTLAND & RAEKES

By: Dean W. Loney

DWL/bdc
encl:

cc: Robert F. Buck

G_X K-64

COPY

NATION .L BANK OF COMMERCE OF :EATTLE

Head Office

Columbia Center National Bank

June 18, 1968

Mr. Robert F. Buck
Senior Vice President
Head Office

Following our conversation today I reviewed the Columbia Center National Bank approval with Mr. Carlson. He feels that at the appropriate time we should indicate that Mr. McGuire will be an interim director of the bank, but that Mr. Stowell will not unless there is some way that Mr. Stowell can be both a director of the National Bank of Commerce and the Columbia Center National Bank which seems unlikely.

In view of the interest which Mr. Douglas F. Graves of Neenah, Wisconsin has shown in moving to this area, we should invite him out as soon as possible, preferably, before your trip to the east in mid-July.

If Mr. Graves is not finally interested in being president of the Columbia Center National Bank, we should advertise and take other steps to be helpful to Mr. Loney to find an experienced president for the bank.

While it may be somewhat premature to decide which man within the NBofC should supervise sponsored banks such as the Columbia Center National Bank, it does seem essential that one person be given this responsibility as a primary assignment so that we can carry out our representations to the Comptroller of the Currency and so that we can be as fully helpful to the agent, in this case Mr. Loney, as we should be.

Andrew Price, Jr.
Chairman

AP:rm

GX K-65

LONEY, WESTLAND, KOONTZ & RAEKES
ATTORNEYS AT LAW
P. O. BOX 123
800 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 9336

DEAN W. LONEY
JOHN A. WESTLAND
JAMES M. KOONTZ
PHILIP M. RAEKES

TELEPHONE
582-3101

COPY

June 18, 1968

The Administrator of National Banks
United States Treasury
Washington, D. C. 20220

Attention: Mr. Thomas G. DeShazo

Re: Columbia Center National Bank

Dear Mr. DeShazo:

Thank you for your letter of June 6, 1968, received in our office on June 10, 1968.

In accordance with the instructions we are pleased to enclose duplicate originals of the Articles of Association and duplicate originals of the Organization Certificate.

These documents are signed by all of the applicants with the exception of Mr. Morris J. Smith and Mr. Wilbur Harold McGuire.

Mr. Smith was the local manager of the Bon Marche and it was planned that he would manage the new Bon Marche in the Columbia Shopping Center. During the time our application was on file, Mr. Smith was offered the job managing the Bon Marche Shopping Center in Ogden, Utah, and he has since moved from the area and assumed those duties.

Mr. McGuire is on an extended trip through Europe and will not return within the time period permitted.

We therefore respectfully request that the Articles

of Association be accepted as signed and that the Comptroller grant us permission for a variation in leaving off these two individuals. This will not change the proposed Board of Directors in any way.

The conditions numbered one through eight in your letter of June 6, are acceptable and will be followed.

Mention was made of forwarding of the "Comptroller's Manual for National Banks". This has not yet been received, but we will send you the $25 as soon as it arrives.

We shall appreciate your advice as to the acceptability of the Articles of Association and the Organization Certificate. If there is any further information which you need, we will be most pleased to send it right away.

Yours very truly,

LONEY, WESTLAND & RAEKES

DWL/bdc By:

cc: Mr. Kenneth Leaf
Mr. Robert Buck

encl:

GX K-66

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 0128
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP M. RAEKES
JOHN T. ROBSON, JR.

AREA CODE 509
TELEPHONE 582-1511

RECEIVED
JUL 8 1968

July 3, 1968

Robert P. Buck
Senior Vice President
National Bank of Commerce
PO Box 3966
Seattle, Washington

Re: Proposed Columbia Center National Bank

Dear Bob:

Under separate cover we have forwarded the documents for the signature of the gentlemen on the coast. As soon as these have been signed and notarized, please return them and I will send them on to Dayton for Mr. Broughton's signature, and then on to Washington, D. C.

As I advised you on the phone, I am enclosing a list of proposed persons in the area to contact concerning purchase of stock. This list is the result of a conference with Lyle Beavers and it is a long ways from being complete, but it does give us a place to start.

Lyle suggests that we obtain a list of all of the proposed local tenants in the shopping center and give consideration to attempting to sell some stock to each one of these in the hopes of attracting their accounts.

I called for Mr. Rightmire but he was out. I left word with his secretary for him to contact me and if he has any suggestions, I'll pass them on.

Yours very truly,

LONEY, WESTLAND & RAEKES

By:

DWL/bdc
encl:

cc: Lyle Beavers

LIST OF POTENTIAL INVESTORS - Columbia Center National Bank

Henry Smith	Businessman and wheat rancher
Elmer Smith	Wheat rancher
Pat Owens	Businessman and wheat rancher
Richard D. Emory	Manager of Valumart
Sid Lantor	Owner and operator of Lantor's Menswear
Sid Carl	Owner and operator of Carl's Clothing Stores
George Grant	Grant Construction Company
Neil Lampson	Lampson Equipment Rental Sales, Inc.
Robert Fisher	Fisher's Pharmacy
Quillen family	Horse Heaven wheat farmers
Mr. Hanson	High Valley Orchards
John McGregor SEATTLE	McGregor Land and Livestock
Bert Field	Economist - Atlantic Richfield
John Schultz and L.M. Richard	President and Vice President - Atlantic Richfield
Robert Phillip and Glenn Lee	Owners and operators - Tri-City Herald
O. C. Adams	Former manager and owner and manager of Credit Bureau of Benton-Franklin Counties NOW WITH O.N.B.

Carroll Dally (:/PJR) LTR 12/6/-
Right Sir.
P.S. of allison / Pat Lagnon / Box Maile PJS - memo/

NATIONAL BANK OF COMMERCE OF SEATTLE

GX K-67

COPY

July 5, 1968

Mr. Dean W. Loney, Agent
Columbia Center National Bank
P. O. Box 6125
Kennewick, Washington 99336

Dear Dean:

Enclosed are the original and three copies of the Organization Certificate and original and ten copies of Articles of Association which the three Seattle men have signed and which have been notarized. We hope this finally is satisfactory.

Mr. Frank A. Aberefeller, Assistant Vice President, will be working with me in connection with the formation of the new bank. Frank probably will telephone you to arrange a date for your visit next week at which he and Mr. Jim Dunham of our Operating Department will go over with you the various problems of location, lease, architect and contractors as well as anything else you may wish to develop.

Sincerely yours,

R. F. Buck
Senior Vice President

RFB:vs

Enclosures

P.S. Reminder to put the date of signature on the 11 copies of the Articles of Association.

GX K-68

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6128
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP H. RAEKES
JOHN T. ROBSON, JR.

AREA CODE 509
TELEPHONE 582-3101

July 11, 1968

Robert P. Buck
Senior Vice President
National Bank of Commerce of Seattle
PO Box 3966
Seattle, Washington

Re: Columbia Center National Bank

Dear Bob:

Enclosed is copy of letter received this date from Thomas G. DeShazo, and a fully executed copy of Articles of Association as well as a fully executed copy of Organization Certificate.

Yours very truly,

LONEY, WESTLAND & RAEKES

By

DWL/bdc

encl:

We also need air mail mailing Any date?

GX K-69

July 12, 1968

Robert F. Buck
Senior Vice President
National Bank of Commerce of Seattle
PO Box 3966
Seattle, Washington 98124

Re: Columbia Center National Bank

Dear Bob:

This letter is written following the meeting with Frank Abersfeller and Jim Dunham in Seattle on Thursday, July 11.

In a discussion, certain matters were raised which we felt should be called to your attention, and the purpose of this letter is to set forth these questions so that you may be giving them consideration for purpose of discussing them at our next informal meeting. These questions are as follows:

1. The shopping center owners have indicated that they will just lease the bare ground and it will be necessary that the bank obtain financing for the purpose of constructing the building. Your building officials believe that the minimum sized space required would be approximately 5000 square feet, and a rough estimate of the cost of the building improvements and special equipment would be in the neighborhood of $150,000 to $200,000.

2. The proposed site is somewhat questionable and we are wondering if further steps should be taken in order that a better location might be obtained.

3. We need a clear definition and understanding of the management responsibilities as between the directors of the unit bank and the management of the National Bank of Commerce. For instance, many

of the steps taken initally will have a bearing on the long range operation of the bank many years after it has changed from a unit bank to a branch bank. It would seem to make better economic sense that all plans point to the long range operation rather than the short term unit operation.

4. Should the organization expense be taken from the paid-in surplus and profits or should it be added to the price of each share of stock?

5. Realbon Corporation has raised the question of the identity of the person signing the lease. Apparently the officers want the lease signed by NBC rather than the Columbia Center National Bank.

6. It is necessary that an architect be employed.

7. That it be possible to work very closely with your computer center and tie all of the unit operations into the National Bank of Commerce computerized processing center.

8. We need to prepare a detailed agenda of the organizational meeting and also the meeting of the directors following.

9. The duties of the directors and the help that we expect from them should be carefully detailed.

10. We should agree upon the format of a circular for the stock offering, the terms of the stock subscription agreement and the identity of those stockholders whom we believe will bring added business to the bank.

11. A delegation of the responsibilities for seeing that all the many details are performed in order that the bank will have everything necessary when it opens.

12. We should also agree upon a target date for the opening.

I am sending a letter to the organizers of the bank in this area asking that they be giving consideration

to a list of potential stockholders and we will try and have that list completed by the time the organizational meeting takes place.

Before this meeting, however, it would certainly be helpful to me if we could spend some time discussing these various points.

Please give me a call at your convenience.

Yours very truly,

LOMEY, WESTLAND & RAEKES

DWL/bdc By:

encl:

PS: Enclosed for your file is a copy of the instructions received from the Comptroller's office.

1573

GX K-70

Price Dep. Ex. 7 - Loney Dep. Ex. 2

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6128
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

AREA CODE 509
TELEPHONE 582-3101

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP M. RAEKES
JOHN T. ROBSON, JR.

July 12, 1968

Robert F. Buck
Senior Vice President
National Bank of Commerce of Seattle
PO Box 3966
Seattle, Washington 98124

Re: Columbia Center National Bank

Dear Bob:

This letter is written following the meeting with Frank Abersfeller and Jim Dunham in Seattle on Thursday, July 11.

In a discussion, certain matters were raised which we felt should be called to your attention, and the purpose of this letter is to set forth these questions so that you may be giving them consideration for purpose of discussing them at our next informal meeting. These questions are as follows:

1. The shopping center owners have indicated that they will just lease the bare ground and it will be necessary that the bank obtain financing for the purpose of constructing the building. Your building officials believe that the minimum sized space required would be approximately 5000 square feet, and a rough estimate of the cost of the building, improvements and special equipment would be in the neighborhood of $150,000 to $200,000.

2. The proposed site is somewhat questionable and we are wondering if further steps should be taken in order that a better location might be obtained.

3. We need a clear definition and understanding of the management responsibilities as between the directors of the unit bank and the management of the National Bank of Commerce. For instance, many

of the steps taken initally will have a bearing on the long range operation of the bank many years after it has changed from a unit bank to a branch bank. It would seem to make better economic sense that all plans point to the long range operation rather than the short term unit operation.

4. Should the organization expense be taken from the paid-in surplus and profits or should it be added to the price of each share of stock?

5. Realbon Corporation has raised the question of the identity of the person signing the lease. Apparently the officers want the lease signed by NBC rather than the Columbia Center National Bank.

6. It is necessary that an architect be employed.

7. That it be possible to work very closely with your computer center and tie all of the unit operations into the National Bank of Commerce computerized processing center.

8. We need to prepare a detailed agenda of the organizational meeting and also the meeting of the directors following.

9. The duties of the directors and the help that we expect from them should be carefully detailed.

10. We should agree upon the format of a circular for the stock offering, the terms of the stock subscription agreement and the identity of those stockholders whom we believe will bring added business to the bank.

11. A delegation of the responsibilities for seeing that all the many details are performed in order that the bank will have everything necessary when it opens.

12. We should also agree upon a target date for the opening.

I am sending a letter to the organizers of the bank in this area asking that they be giving consideration

to a list of potential stockholders and we will try and have that list completed by the time the organizational meeting takes place.

Before this meeting, however, it would certainly be helpful to me if we could spend some time discussing these various points.

Please give me a call at your convenience.

Yours very truly,

LONEY, WESTLAND & RAEKES

DWL/bdc By:

encl:

PS: Enclosed for your file is a copy of the instructions received from the Comptroller's office.

GX K-71

Buck Dep. Ex. 3

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6125
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP H. RAEKES
JOHN Y. ROBSON, JR.

AREA CODE
TELEPHONE 5

July 12, 1968

Robert F. Buck
Senior Vice President
National Bank of Commerce of Seattle
PO Box 3966
Seattle, Washington 98124

Re: Columbia Center National Bank

Dear Bob:

This letter is written following the meeting with Frank Abersfeller and Jim Dunham in Seattle on Thursday, July 11.

In a discussion, certain matters were raised which we felt should be called to your attention, and the purpose of this letter is to set forth these questions so that you may be giving them consideration for purpose of discussing them at our next informal meeting. These questions are as follows:

1. The shopping center owners have indicated that they will just lease the bare ground and it will be necessary that the bank obtain financing for the purpose of constructing the building. Your building officials believe that the minimum sized space required would be approximately 5000 square feet, and a rough estimate of the cost of the building improvements and special equipment would be in the neighborhood of $150,000 to $200,000.

2. The proposed site is somewhat questionable and we are wondering if further steps should be taken in order that a better location might be obtained.

3. We need a clear definition and understanding of the management responsibilities as between the directors of the unit bank and the management of the National Bank of Commerce. For instance, many

of the steps taken initally will have a bearing on the long range operation of the bank many years after it has changed from a unit bank to a branch bank. It would seem to make better economic sense that all plans point to the long range operation rather than the short term unit operation.

4. Should the organization expense be taken from the paid-in surplus and profits or should it be added to the price of each share of stock?

5. Realbon Corporation has raised the question of the identity of the person signing the lease. Apparently the officers want the lease signed by NBC rather than the Columbia Center National Bank.

6. It is necessary that an architect be employed.

7. That it be possible to work very closely with your computer center and tie all of the unit operations into the National Bank of Commerce computerized processing center.

8. We need to prepare a detailed agenda of the organizational meeting and also the meeting of the directors following.

9. The duties of the directors and the help that we expect from them should be carefully detailed.

10. We should agree upon the format of a circular for the stock offering, the terms of the stock subscription agreement and the identity of those stockholders whom we believe will bring added business to the bank.

11. A delegation of the responsibilities for seeing that all the many details are performed in order that the bank will have everything necessary when it opens.

12. We should also agree upon a target date for the opening.

I am sending a letter to the organizers of the bank in this area asking that they be giving consideration

to a list of potential stockholders and we will try and have that list completed by the time the organizational meeting takes place.

Before this meeting, however, it would certainly be helpful to me if we could spend some time discussing these various points.

Please give me a call at your convenience.

Yours very truly,

LONEY, WESTLAND & RAEKES

DWL/bdc By:

encl:

PS: Enclosed for your file is a copy of the instructions received from the Comptroller's office.

GX R-72-a

RLS:jg 7-10-68 Rev.

COLUMBIA CENTER LEASE WITH
COLUMBIA CENTER NATIONAL BANK

This lease, dated this _____ day of _____, 1968, between REALBON CORPORATION, a Washington corporation, as "Landlord," and COLUMBIA CENTER NATIONAL BANK, as "Tenant," is upon the following terms and conditions:

Sec. 1. Premises Demised: Landlord leases to Tenant and Tenant leases from Landlord certain premises hereinafter referred to as "the premises," that is, the premises described in Exhibit "A-1" hereto and outlined in red on the plan of the Shopping Center attached as Exhibit "A" hereto. The term "Shopping Center," as used herein, shall mean the Shopping Center located on that certain real property in Benton County, Washington, the legal description of which is set forth in that certain instrument recorded in Volume 236, page 148, records of the Auditor of said county.

Sec. 2. Term: The term of this lease shall commence on August 1, 1968 and end on July 31, 1989.

Sec. 3. Construction of Improvements: Tenant shall construct a bank building on the premises at its own expense in accordance with the plans and specifications prepared by John Graham & Co., architects and engineers. The exterior of said building shall be compatible with the buildings in the Shopping Center and the design of the bank building shall be subject to the approval of Landlord, which approval shall not be unreasonably withheld. Tenant shall, at its own expense, install on its premises the necessary sidewalks, planters and curbs. The Tenant shall also install the necessary storm drains on its premises. Landlord will, at its expense, pave with asphalt the parking areas on the demised premises.

Sec. 4 Rent: Tenant agrees to pay to Landlord at such place as Landlord may from time to time designate rentals as follows:

(a) No rental shall be payable until July 1, 1969 or until the bank on the demised premises opens for business, whichever is earlier. Any rentals payable until July 1, 1969 shall be payable at the rate of $600 per month.

(b) For the three years of the term hereof commencing July 1, 1969, Seven Thousand Two Hundred Dollars ($7,200) per year.

For the next seven (7) years of the term of this lease, Nine Thousand Nine Hundred Sixty-Five Dollars ($9,965.00) per year;

For the next five (5) years of the term of this lease, Eleven Thousand Two Hundred Forty-One Dollars ($11,241.00) per year;

For the next six (6) years of the term of this lease, Twelve Thousand Nine Hundred Twenty-Seven Dollars ($12,927.00) per year.

The rental for each year shall be payable in twelve (12) monthly installments. Notwithstanding anything herein contained, no rental shall be payable by Tenant until July 1, 1969 or when the Shopping Center opens for business, whichever is earlier.

Sec. 5. Use of Premises: Tenant may use and occupy the premises only for the purpose of conducting the business of a commercial bank and for no other purpose without the written consent of Landlord.

Sec. 6. Conduct of Business: Tenant shall not leave the premises unoccupied or vacant. Tenant shall keep its bank open during the usual and customary hours for banks to be open in the Tri-Cities area.

Sec. 7. Care of Premises: Tenant shall keep the premises under its control, clean and free from rubbish and dirt at all times and shall store all trash and garbage within the premises and arrange for the picking up of such trash and garbage. Tenant shall not burn any trash of any kind in or about the premises.

Sec. 8. Merchants' Association: Tenant agrees that it will become and remain during the entire term of this lease a member of the Merchants' Association which shall consist of Landlord and those doing business in the Shopping Center. The purpose of said association shall be the general furtherance of the business interests of the Shopping Center as a whole and include advertising, promotion and special events calculated to benefit the Tenants of the Shopping Center. The association shall make its own rules and regulations with respect to such matters. Tenant shall pay monthly its proportionate share of the expenses of said association and its activities.

RLS:jg 7-10-68 Rev.

Sec. 9. Exterior Fixtures. Tenant shall not install exterior lighting fixtures, shades or awnings or do any exterior decoration or painting, or make any structural alterations without the previous written consent of Landlord.

Sec. 10. Signs and Advertising Media: Tenant shall not install any signs or advertising media or window or door lettering or placards visible from outside the premises without the previous written consent of Landlord. Tenant agrees at its own expense to design sign panels and signs in accordance with the style for sign panels and signs adopted by Landlord for the Shopping Center and to install and thereafter maintain the signs so designed. Tenant agrees not to use any advertising media that shall be objectionable to Landlord, such as loudspeakers, photographs or radio broadcasts in a manner to be heard outside the premises, without the written permission of Landlord.

Upon request of Landlord, Tenant shall immediately remove any sign, light, advertisement, marquee, awning or other display which Tenant has placed or permitted to be placed on or about the premises, without consent of Landlord, which in the opinion of Landlord is objectionable, offensive, or not in good taste, and, if Tenant shall fail to do so, Landlord may enter the premises and remove the same at the expense of Tenant.

Sec. 11. Common Areas Defined: The term "common areas" as used herein shall mean the parking areas, landscaped areas, driveways, truckways, areaways, roads, walks, curbs, corridors, malls, public toilets, public stairs, ramps, elevators, escalators, shelters, bus stations, and public lounges as located and laid out from time to time in the Shopping Center, and other parking areas designated from time to time by Landlord for use by Tenant's customers, together with the parking areas on the demised premises.

Sec. 12. Use of Common Areas: Landlord hereby grants to Tenant and to its employees, agents and customers and invitees the non-exclusive right for and during the term of this lease to use the parking area and other common areas as from time to time constituted, such use to be in common with all other occupants of the Shopping Center, whether as tenants or as owners and their employees, agents, customers and invitees. The parking area and other common areas are as shown on the plan of the Shopping Center attached as Exhibit "A" hereto. The unrestricted right is reserved to make changes

in the parking areas and in the common areas, provided however, that the designated parking area shall not be decreased by more than ten per cent (10%) of the area so designated at the commencement of this lease without substituting other parking areas equal to or greater in area and reasonably accessible to the Tenants of the Shopping Center. Any such substituted areas may be elevated, surface, or subterranean. Landlord shall have the right to make such changes in the plan of the Shopping Center attached as Exhibit "A" hereto as Landlord deems necessary and consistent with the purposes and intent evidenced by said plan, and, in respect thereto, shall have the right to erect such additional buildings or structures and such planter boxes, fountains, and other landscaping devices or features and shall have the right to erect such promotional and other displays within the common areas as Landlord may from time to time deem desirable.

No barriers shall be erected to separate the parking areas on the premises from the parking areas in the balance of the Shopping Center.

Sec. 13. Control of Common Areas: Parking areas and other common areas in the Shopping Center (other than the parking areas on the premises) shall at all times be subject to the exclusive control and management of Landlord. Landlord shall have the right, from time to time, to establish reasonable rules and regulations with respect to the parking areas; to construct surface or elevated parking areas and facilities; to establish, and from time to time to change, the level of parking surfaces; and to close all or any portion of said areas or facilities to such an extent as may, in the opinion of the Landlord's counsel, be legally sufficient to prevent a dedication thereof or the accrual of any rights to any person or to the public domain.

Within five (5) days of written notice from Landlord Tenant shall furnish Landlord the automobile license numbers assigned to its cars and the cars of all its officers and employees employed in the premises. Landlord shall have the right to designate the portions of the parking area where Tenant and its officers and employees may park their cars.

Sec. 14. Common Area Charge: The "common area charge" is defined as Landlord's actual gross costs and expenses of every kind or nature incurred by Landlord by reason of Landlord's ownership and/or operation

of the common areas. Such gross costs and expenses shall include, but shall not be limited to, the costs of operating, maintaining, lighting and policing and the costs of repairs and replacements to the common areas, the real estate taxes payable on the common areas, liability insurance covering the common areas, assessments levied on the common areas, and, a reasonable allowance for the depreciation of maintenance equipment used in public area maintenance, plus a charge of fifteen percent (15%) of such gross costs and expenses. Tenant shall pay its proportionate share of the common area charge on the following basis: Calculate the number of units in the premises, with each square foot of mall level area equaling one unit, and each square foot of upper or lower level area as one-half unit. Calculate the number of units in the Shopping Center with each square foot of mall level of all occupied space (whether or not adjoining the Mall) equaling one unit and each square foot of upper or lower level areas of occupied space as one-half unit. The mezzanine shall be considered as upper level space. The total costs and expenses referred to in this Section shall be multiplied by a fraction, the numerator of which is the number of units in the premises and the denominator of which is the number of units in the Shopping Center. The resulting sum shall be Tenant's proportionate share of the common area charge.

All charges payable by Tenant under this section as a common area charge shall be paid in advance at the same time and place as herein provided for the payment of the fixed minimum rent. Such charges shall be equal to one-twelfth (1/12th) of the total of Landlord's reasonable estimate of such charges for the first year the Shopping Center is open and, after such first year, shall be an amount equal to one-twelfth (1/12th) of the total charges for the previous twelve-months period, adjusted to reflect Landlord's reasonable estimate of anticipated increases or decreases in such charges. Appropriate adjustment shall be made for any period less than a full year.

Sec. 15. Tenant's Insurance: Tenant, at its sole expense, shall procure and maintain in full force and effect public liability insurance including contractual liability coverage with limits of not less than two hundred and fifty thousand dollars ($250,000.00) per person, five hundred thousand dollars ($500,000.00) per occurrence, and fifty thousand dollars ($50,000.00) for property damage, insuring against any and all liability of Tenant with respect to the premises or use or occupancy thereof.

All insurance policies shall be issued by companies satisfactory to Landlord, and any such insurance policy shall expressly provide that the insurance company shall notify the Landlord in writing at least ten (10) days prior to any alteration or cancellation thereof. Each such policy, or a duplicate, or appropriate certificate evidence thereof, shall be delivered to Landlord.

Sec. 16. Release and Subrogation: Each of the parties hereto hereby waives any and all rights of action for negligence against the other party hereto which may hereafter arise for damage to the premises, to property therein, or the right to use and occupancy, resulting from any fire or other casualty of the kind covered by standard fire insurance policies with extended coverage, regardless of whether or not or in what amounts such insurance is now or hereafter carried by the parties hereto, or either of them.

Sec. 17. Utilities: Tenant agrees to pay or cause to be paid all charges against Landlord for gas, water, sewer, electricity, light, heat or power, telephone or other communication service used, rendered or supplied upon or in connection with the premises throughout the term of this lease and to indemnify the Landlord and save it harmless against any liability or damages on such account.

Sec. 18. Assignment and Subletting: Tenant shall not assign or in any manner transfer this lease or interests herein without the previous consent of Landlord and shall not sublet the premises or any part thereof or otherwise allow anyone to occupy the premises without like consent. Consent by Landlord to one assignment of this lease or to any subletting of the premises shall not operate as a consent to a subsequent assignment or subletting.

Sec. 19. Eminent Domain: If the whole of the premises hereby leased shall be taken by any public authority under the power of eminent domain, then the term of this lease shall cease as of the day possession is taken by such public authority and the rent shall be paid up to that date. If only a part of the premises shall be taken under eminent domain and the remainder of the premises not so taken can be made tenantable for the purpose for which Tenant has been using the premises, then this lease shall continue in full

force and effect as to the remainder of said premises and all of the terms herein provided shall continue in effect, except that the rental shall be reduced in proportion to the amount of the premises taken.

Sec. 20. Default of Tenant: If any rental or other sums payable by Tenant to Landlord shall remain unpaid for more than ten (10) days after same are due and payable, or if Tenant shall violate or default in the performance of any of the other covenants, agreements, stipulations or conditions herein, and such violation or default shall continue for a period of ten (10) days after written notice by Landlord to Tenant of such violation or default, then without prejudice to any other remedies which Landlord might have, Landlord may, at its election, declare this lease forfeited and the said term ended, and re-enter the premises, with or without process of law, and to remove all persons or chattels therefrom. Landlord shall not be liable for damages by reason of such re-entry, but notwithstanding such re-entry by Landlord, the liability of Tenant for the rent or other charges provided for herein shall not be extinguished for the balance of the term of this lease, and Tenant agrees to make good to Landlord any deficiency arising from a re-entry and re-letting of the premises at lesser rentals and other charges than herein reserved and Tenant shall pay such deficiencies each month as the amount thereof is ascertained by Landlord. In case of such re-entry, Landlord may re-let the premises upon such terms as to it may seem fit and for a term which may expire either before or after the expiration date of this lease. It is further understood that Tenant will pay, in addition to the rentals and other sums agreed to be paid hereunder, such additional sums as the court may adjudge reasonable as attorney's fees in any suit or action instituted by Landlord to enforce the provisions of this lease, or the collection of the rentals due Landlord hereunder.

Sec. 21. Tenant's Payables as Rent: All amounts payable by Tenant to Landlord hereunder, including amounts paid by Landlord in behalf of Tenant and reimbursable to Landlord, and whether specifically called rent or not, shall be deemed to be rent and in respect thereto Landlord shall have and enjoy all remedies provided under the laws of the State of Washington and under Section 20 hereof with respect to the collection of rent. All such amounts shall bear interest at the rate of eight per cent (8%) per annum from the date of any delinquency in payment thereof to the date paid.

Sec. 22. Waiver: One or more waivers of any provision of this lease by Landlord shall not be construed as a waiver of a subsequent breach of the same provision, and the consent or approval by Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant. The subsequent acceptance of rent shall not be deemed a waiver of any preceding breach, nor may any portion of this lease be waived either by Landlord or Tenant except by appropriate written instrument.

Sec. 23. Expansion: After the initial building is built on the premises Tenant may thereafter expand said building so long as the ratio of six (6) parking areas for each 1,000 square feet of gross building area is maintained.

Sec. 24. Utilities Lines: Landlord, at its own expense, shall bring all utility lines to the perimeter of the premises and Tenant shall, at its own expense, extend the lines on the premises to its building.

Sec. 25. Payment of Taxes, Assessments and Carrying Charges: Landlord shall take such steps as are necessary to have the premises separately assessed

by all taxing authorities. Tenant shall pay as additional rent before any fine, penalty, interest or cost may be added thereto for the non-payment thereof, all real estate taxes payable during the term of this lease or any extension thereof and other governmental charges, general and special, or ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever, including assessments for public improvements hereafter levied on the premises and becoming payable during the term of this lease or any extension thereof. If any such assessments are payable in installments, then Tenant shall only be obligated to pay the installment becoming due during the term of this lease or any extension thereof. Real estate taxes for the year in which the term of this lease or any extension thereof ends shall be prorated as between Landlord and Tenant.

If at any time during the term of this lease under the laws of the State or any political subdivision thereof in which the premises are situated, a tax or excise on rents or other tax however described is levied or assessed by said state or political subdivision against the Landlord or the annual rent payable hereunder, Tenant covenants to pay and discharge such tax or excise on rents or other tax but only to the extent of the amount thereof which is lawfully assessed or imposed upon Landlord and which was so assessed or imposed as a direct result of Landlord's ownership of the premises or of Landlord's interest in this lease or of the rentals accruing under this lease, it being the intention of the parties hereto that the rent to be paid hereunder shall be paid to Landlord absolutely net without deduction of any nature whatsoever, foreseeable or unforeseeable, except as in this Lease otherwise expressly provided. The payment to be made by Tenant pursuant to this section shall be made before any fine, penalty, interest or cost may be added thereto for the non-payment thereof. Such tax or excise on rents or other tax shall be deemed to be an item of additional rent hereunder.

Sec. 26. Option to Extend. Tenant, if not in default in the performance of any of its obligations hereunder, shall have the option to extend this lease for an additional period of ten (10) years upon the same terms and conditions as herein expressed except that the annual rental for such extended term shall

be an amount (not less than Twelve Thousand Nine Hundred Twenty-Seven Dollars ($12,927.00) per year) as is arrived at by negotiation between the parties, or, in lieu of agreement, by arbitration in a manner as hereinafter provided. Tenant, if not in default in the performance of any of its obligations hereunder, shall have the option to extend this lease for an additional ten (10) year period beyond the first ten (10) year option period. In the event the first option is exercised, upon the same terms and conditions as herein expressed except that the annual rental for such extended term shall be such sum (but in no event less than the rental for the last year of the first ten (10) year option period) as may be agreed upon by Landlord and Tenant, but in lieu of such agreement , such sum as may be arrived at by arbitration in the manner as hereinafter provided.

If the parties are unable to agree on the rental for either of the ten (10) year option periods, then the rental shall be determined by arbitration under the rules and procedures of the American Arbitration Association then in effect.

Sec. 27. Destruction and Restoration: Tenant further agrees that in case of damage to or destruction of the building on the premises, it will promptly, without cost to the Landlord, repair, restore and rebuild the same as nearly as possible to the condition that the building was in prior to such damage or destruction. If within two (2) years of the expiration of the term of this lease or any renewal term, the building on the premises shall be destroyed or damaged to such an extent that the restoration thereof will cost an amount in excess of the insurable value of the building just prior to the said destruction and Tenant shall not be willing to expend any sums in excess thereof for the purpose of restoring such destruction or damage, then Tenant shall, with reasonable promptness, notify Landlord of such fact in writing within sixty (60) days after such damage or destruction. In the event that Tenant elects not to expend any such sums as aforesaid, then (a) this lease shall cease and come to an end on a day to be specified in said notice, which date shall not be more than ten (10) days after the date of delivery of such notice, and Tenant

shall make payment of all rent and other charges payable by Tenant hereunder, justly apportioned to the date of such termination, and (b) Tenant shall pay to Landlord an amount of money equal to the insurable value of the building just prior to damage or destruction, which money shall belong to Landlord.

Except as otherwise specifically provided herein, damage to or destruction of any portion of all of the buildings, structures and fixtures upon the demised premises, by fire, the elements or any cause whatsoever, whether with or without fault on the part of Tenant, shall not terminate this lease or entitle Tenant to surrender the premises or entitle Tenant to any abatement of or reduction in the rent payable, or otherwise affect the respective obligations of the parties hereto, any present or future law to the contrary notwithstanding.

Sec. 28. Successors and Assigns: Subject to the provisions of Section 18 hereof, all of the provisions of this lease shall be binding and inure to the benefit of and shall apply to the respective assigns and legal representatives of Landlord and Tenant, respectively.

Sec. 29. Notices: All notices in this lease provided to be given by either party hereto to the other shall be deemed to have been given, when made in writing and deposited in the Unites States mail, certified and postage prepaid, and addressed as follows:

TO LANDLORD: P. O. Box 2232
Seattle, Washington 98111

TO TENANT: On the leased premises.

The address to which any notice, demand or other writing may be given, made or sent to either party may be changed by written notice given by such party as above provided.

Sec. 30. Bank Exclusive: Landlord shall not rent any space in the Shopping Center for use as a commercial bank. This shall not exclude use of space for a mutual savings bank or a savings and loan association.

IN WITNESS WHEREOF, the Landlord and the Tenant have signed their names and affixed their seals the day and year first above written.

REALBON CORPORATION

By_____
Vice President

ATTEST:

_____
Secretary

COLUMBIA CENTER NATIONAL BANK

By_____

ATTEST:

_____

GX K-72-b

RLS:jg 7-10-68 Rev.

GUARANTY

The undersigned, THE NATIONAL BANK OF COMMERCE OF SEATTLE, a National Bank, in order to induce REALBON CORPORATION to enter into the foregoing lease with Columbia Center National Bank and as consideration for REALBON CORPORATION entering into said lease, does hereby guarantee to REALBON CORPORATION that Columbia Center National Bank shall faithfully perform all of the terms and conditions of said lease to be kept and performed by the Tenant and, specifically, that such corporation shall pay, according to its terms, all rentals and other charges payable under and pursuant to the terms of said lease.

The undersigned further agrees that no concession, waiver, modification or indulgence on the part of REALBON CORPORATION or its successors and assigns granted to said lessee corporation with respect to the performance of the obligations guaranteed hereby shall release or discharge the undersigned from its obligations hereunder.

DATED this _____ day of _____, 1968.

THE NATIONAL BANK OF COMMERCE OF SEATTLE

By_____

STATE OF WASHINGTON)
) ss.
COUNTY OF K I N G)

On this _____ day of _____, 1968, before me personally appeared M. E. BOYS, to me known to be the Vice President of REALSON CORPORATION, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument, and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

_____
Notary Public in and for the State of Washington, residing at Seattle

STATE OF WASHINGTON)
) ss.
COUNTY OF)

On this _____ day of _____, 1968, before me personally appeared _____, to me known to be the _____ of COLUMBIA CENTER NATIONAL BANK, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument, and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

_____
Notary Public in and for the State of Washington, residing at

RLS:jg 9-3-68 GX K-73

Price Dep. Ex. 4

COLUMBIA CENTER AGREEMENT OF LEASE
WITH
KING COUNTY BUILDING CO.

This lease, dated this 11th day of September, 1968, between REALDON CORPORATION, a Washington corporation, as "Landlord," and KING COUNTY BUILDING CO., a Washington corporation, as "Tenant," is upon the following terms and conditions:

Sec. 1. Premises Demised: Landlord leases to Tenant and Tenant leases from Landlord certain premises hereinafter referred to as "the premises," that is, the premises described in Exhibit "A-1" hereto and outlined in red on the plan of the Shopping Center attached as Exhibit "A" hereto. The term "Shopping Center," as used herein, shall mean the Shopping Center located on that certain real property in Benton County, Washington, the legal description of which is set forth in that certain instrument recorded in Volume 236, page 148, records of the Auditor of said county.

Sec. 2. Term: The term of this lease shall commence as of August 1, 1968 and end on July 31, 1999.

Sec. 3. Construction of Improvements: Tenant shall construct a bank building on the premises at its own expense in accordance with the plans and specifications prepared by John Graham & Co., architects and engineers. The exterior of said building shall be compatible with the buildings in the Shopping Center and the design of the bank building shall be subject to the approval of Landlord, which approval shall not be unreasonably withheld. Tenant shall, at its own expense, install on its premises the necessary sidewalks, planters and curbs. The Tenant shall also install the necessary storm drains on its premises. Landlord will, at its expense, pave with asphalt the parking areas on the demised premises.

Sec. 4 Rent: Tenant agrees to pay to Landlord at such place as Landlord may from time to time designate rentals as follows:

(a) No rental shall be payable until July 1, 1969 or until the bank on the demised premises opens for business, whichever is earlier. Any rentals payable until July 1, 1969 shall be payable at the rate of $600 per month.

(b) For the three years of the term hereof commencing July 1, 1969, Seven Thousand Two Hundred Dollars ($7,200) per year.

(c) For the next seven (7) years of the term of this lease, Nine Thousand Nine Hundred Sixty-Five Dollars ($9,965.00) per year;

(d) For the next five (5) years of the term of this lease, Eleven Thousand Two Hundred Forty-One Dollars ($11,241.00) per year;

(e) For the next six (6) years of the term of this lease, Twelve Thousand Nine Hundred Twenty-Seven Dollars ($12,927.00) per year.

(f) For the next ten (10) years of this lease, Fifteen Thousand Dollars ($15,000.00) per year.

The rental for each year shall be payable in twelve (12) monthly installments. Notwithstanding anything herein contained Tenant shall not be obligated to pay more than $600.00 per month as rental until the Shopping Center is open for business.

Sec. 5. Use of Premises: Tenant may use and occupy the premises only for the purpose of conducting the business of a commercial bank and for no other purpose without the written consent of Landlord.

Sec. 6. Conduct of Business: Tenant shall, except where prevented by circumstances beyond its control, continuously cause to be operated a banking business on the premises, observing banking hours reasonably consonant with those maintained by major commercial banks in the Tri-Cities area. Nothing herein contained shall be deemed to require Saturday or Sunday openings, nor to unreasonably restrict the fixing of banking hours.

Sec. 7. Care of Premises: Tenant shall keep the premises under its control, clean and free from rubbish and dirt at all times and shall store all trash and garbage within the premises and arrange for the picking up of such trash and garbage. Tenant shall not burn any trash of any kind in or about the premises.

Sec. 8. Merchants' Association: Tenant agrees that the occupant of the premises will become and remain during the entire term of this lease a member of the Merchants' Association which shall consist of Landlord and those doing business in the Shopping Center. The purpose of said association shall be the general furtherance of the business interests of the Shopping Center as a whole and include advertising, promotion and special events calculated to benefit the tenants of the Shopping Center. The association shall make its own rules and regulations with respect to such matters. The occupant of the premises shall pay monthly its proportionate share of the expenses of said association and its activities.

Sec. 9. Exterior Fixtures. Tenant shall not install exterior lighting fixtures, shades or awnings or do any exterior decoration or painting, or make any structural alterations without the previous written consent of Landlord.

Sec. 10. Signs and Advertising Media: Tenant shall not install any signs or advertising media or window or door lettering or placards visible from outside the premises without the previous written consent of Landlord. Tenant agrees at its own expense to design sign panels and signs in accordance with the style for sign panels and signs adopted by Landlord for the Shopping Center and to install and thereafter maintain the signs so designed. Tenant agrees not to use any advertising media that shall be objectionable to Landlord, such as loudspeakers, photographs or radio broadcasts in a manner to be heard outside the premises, without the written permission of Landlord.

Upon request of Landlord, Tenant shall immediately remove any sign, light, advertisement, marquee, awning or other display which Tenant has placed or permitted to be placed on or about the premises, without consent of Landlord, which in the opinion of Landlord is objectionable, offensive, or not in good taste, and, if Tenant shall fail to do so, Landlord may enter the premises and remove the same at the expense of Tenant.

Sec. 11. Common Areas Defined: The term "common areas" as used herein shall mean the parking areas, landscaped areas, driveways, truckways, arcaways, roads, walks, curbs, corridors, malls, public toilets, public stairs, ramps, elevators, escalators, shelters, bus stations, and public lounges as located and laid out from time to time in the Shopping Center, and other parking areas designated from time to time by Landlord for use by Tenant's customers, together with the parking areas on the demised premises.

Sec. 12. Use of Common Areas: Landlord hereby grants to Tenant and to its employees, agents and customers and invitees the non-exclusive right for and during the term of this lease to use the parking area and other common areas as from time to time constituted, such use to be in common with all other occupants of the Shopping Center, whether as tenants or as owners and their employees, agents, customers and invitees. The parking area and other common areas are as shown on the plan of the Shopping Center attached as Exhibit "A" hereto. The unrestricted right is reserved to make changes

in the parking areas and in the common areas, provided, however, that the designated parking area shall not be decreased by more than ten percent (10%) of the area so designated at the commencement of this lease without substituting other parking areas equal to or greater in area and reasonably accessible to the tenants of the Shopping Center. Any such substituted areas may be elevated, surface, or subterranean. Landlord shall have the right to make such changes in the plan of the Shopping Center attached as Exhibit "A" hereto as Landlord deems necessary and consistent with the purposes and intent evidenced by said plan, and, in respect thereto, shall have the right to erect such additional buildings or structures and such planter boxes, fountains, and other landscaping devices or features and shall have the right to erect such promotional and other displays within the common areas as Landlord may from time to time deem desirable.

No barriers shall be erected to separate the parking areas on the premises from the parking areas in the balance of the Shopping Center.

Sec. 13. Control of Common Areas: Parking areas and other common areas in the Shopping Center (other than the parking areas on the premises) shall at all times be subject to the exclusive control and management of Landlord. Landlord shall have the right, from time to time, to establish reasonable rules and regulations with respect to the parking areas; to construct surface or elevated parking areas and facilities; to establish, and from time to time to change, the level of parking surfaces; and to close all or any portion of said areas or facilities to such an extent as may, in the opinion of the Landlord's counsel, be legally sufficient to prevent a dedication thereof or the accrual of any rights to any person or to the public domain.

Within five (5) days of written notice from Landlord, Tenant shall furnish Landlord the automobile license numbers assigned to its cars and the cars of all officers and employees employed in the premises. Landlord shall have the right to designate the portions of the parking area where Tenant, its sub-tenant, and their officers and employees may park their cars.

Sec. 14. Common Area Charge: The "common area charge" is defined as Landlord's actual gross costs and expenses of every kind or nature incurred by Landlord by reason of Landlord's ownership and/or operation

RIS:JK 10-7-68

of the common areas. Such gross costs and expenses shall include, but shall not be limited to, the costs of operating, maintaining, lighting and policing and the costs of repairs and replacements to the common areas, the real estate taxes payable on the common areas, liability insurance covering the common areas, assessments levied on the common areas, and, a reasonable allowance for the depreciation of maintenance equipment used in public area maintenance, plus a charge of fifteen percent (15%) of such gross costs and expenses. Tenant shall pay its proportionate share of the common area charge on the following basis: Calculate the number of units in the premises, with each square foot of mall level area equaling one unit, and each square foot of upper or lower level area as one-half unit. Calculate the number of units in the Shopping Center with each square foot of mall level of all occupied space (whether or not adjoining the Mall) equaling one unit and each square foot of upper or lower level areas of occupied space as one-half unit. The mezzanine shall be considered as upper level space. The total costs and expenses referred to in this Section shall be multiplied by a fraction, the numerator of which is the number of units in the premises and the denominator of which is the number of units in the Shopping Center. The resulting sum shall be Tenant's proportionate share of the common area charge.

All charges payable by Tenant under this section as a common area charge shall be paid in advance at the same time and place as herein provided for the payment of the fixed minimum rent. Such charges shall be equal to one-twelfth (1/12th) of the total of Landlord's reasonable estimate of such charges for the first year the Shopping Center is open and, after such first year, shall be an amount equal to one-twelfth (1/12th) of the total charges for the previous twelve-months period, adjusted to reflect Landlord's reasonable estimate of anticipated increases or decreases in such charges. Appropriate adjustment shall be made for any period less than a full year.

Sec. 15. Tenant's Insurance: Tenant, at its sole expense, shall procure and maintain in full force and effect public liability insurance including contractual liability coverage with limits of not less than two hundred and fifty thousand dollars ($250,000.00) per person, five hundred thousand dollars ($500,000.00) per occurrence, and fifty thousand dollars ($50,000.00) for property damage, insuring against any and all liability of Tenant with respect to the premises or use or occupancy thereof.

RLS:jg 9-3-68

All insurance policies shall be issued by companies satisfactory to Landlord, and any such insurance policy shall expressly provide that the insurance company shall notify the Landlord in writing at least ten (10) days prior to any alteration or cancellation thereof. Each such policy, or a duplicate, or appropriate certificate evidenced thereof, shall be delivered to Landlord.

Sec. 16. Release and Subrogation: Each of the parties hereto hereby waives any and all rights of action for negligence against the other party hereto which may hereafter arise for damage to the premises, to property therein, or the right to use and occupancy, resulting from any fire or other casualty of the kind covered by standard fire insurance policies with extended coverage, regardless of whether or not or in what amounts such insurance is now or hereafter carried by the parties hereto, or either of them.

Sec. 17. Utilities: Tenant agrees to pay or cause to be paid all charges against Landlord for gas, water, sewer, electricity, light, heat or power, telephone or other communication service used, rendered or supplied upon or in connection with the premises throughout the term of this lease and to indemnify the Landlord and save it harmless against any liability or damages on such account.

Sec. 18. Assignment and Subletting: Tenant shall not assign or in any manner transfer this lease or interests herein without the previous consent of Landlord and shall not sublet the premises or any part thereof or otherwise allow anyone to occupy the premises without like consent. Consent by Landlord to one assignment of this lease or to any subletting of the premises shall not operate as a consent to a subsequent assignment or subletting. Landlord does hereby consent to the subletting of the premises to Columbia Center National Bank, or the subletting of the premises or the assignment of this lease to any other bank organized under the banking laws of the State of Washington or the United States. Notwithstanding any such subletting or assignment, Tenant shall remain liable for all obligations under this lease.

Sec. 19. Eminent Domain: If the whole of the premises hereby leased shall be taken by any public authority under the power of eminent domain, then the term of this lease shall cease as of the day possession is taken by such public authority and the rent shall be paid up to that date. If only a part of the premises shall be taken under eminent domain and the remaindor of the premises not so taken can be made tenantable for the purpose for which Tenant has been using the premises, then this lease shall continue in full force and effect as to the remainder of said premises and all of the terms herein provided shall continue in effect, except that the rental shall be reduced in proportion to the amount of the premises taken.

Sec. 20. Default of Tenant: If any rental or other sums payable by Tenant to Landlord shall remain unpaid for more than thirty (30) days after same are due and payable, or if Tenant shall violate or default in the performance of any of the other covenants, agreements, stipulations or conditions herein, and such violation or default shall continue for a period of thirty (30) days after written notice by Landlord to Tenant of such violation or default, or if such default cannot be cured in thirty (30) days and Tenant fails to use reasonable diligence to cure such default, then without prejudice to any other remedies which Landlord might have, Landlord may, at its election, declare this lease forfeited and the said term ended, and re-enter the premises, with or without process of law, and to remove all persons or chattels therefrom. Landlord shall not be liable for damages by reason of such re-entry, but notwithstanding such re-entry by Landlord, the liability of Tenant for the rent or other charges provided for herein shall not be extinguished for the balance of the term of this lease, and Tenant agrees to make good to Landlord any deficiency arising from a re-entry and re-letting of the premises at lesser rentals and other charges than herein reserved and Tenant shall pay such deficiencies each month as the amount thereof is ascertained by Landlord. In case of such re-entry, Landlord may re-let the premises upon such terms as to it may seem fit and for a term which may expire either before or after the expiration date of this lease. In any action to enforce any provision of this lease, including the collection of rentals, the prevailing party shall be entitled to a reasonable attorney's fee to be fixed by the court.

Sec. 21. Tenant's Payables as Rent: All amounts payable by Tenant to Landlord hereunder, including amounts paid by Landlord in behalf of Tenant and reimbursable to Landlord, and whether specifically called rent or not, shall be deemed to be rent and in respect thereto Landlord shall have and enjoy all remedies provided under the laws of the State of Washington and under Section 20 hereof with respect to the collection of rent. All such amounts shall bear interest at the rate of eight percent (8%) per annum from the date of any delinquency in payment thereof to the date paid.

Sec. 22. Waiver: One or more waivers of any provision of this lease by Landlord shall not be construed as a waiver of a subsequent breach of the same provision, and the consent or approval by Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant. The subsequent acceptance of rent shall not be deemed a waiver of any preceding breach, nor may any portion of this lease be waived either by Landlord or Tenant except by appropriate written instrument.

Sec. 23. Expansion: After the initial building is built on the premises Tenant may thereafter expand said building so long as the ratio of six (6) parking areas for each 1,000 square feet of gross floor area is maintained on the premises.

Sec. 24. Utilities Lines: Landlord, at its own expense, shall bring all utility lines to the perimeter of the premises and Tenant shall, at its own expense, extend the lines on the premises to its building. Tenant shall not be obligated to pay rentals until the utility lines have been brought to the perimeter of the property.

Sec. 25. Payment of Taxes, Assessments and Carrying Charges: Landlord shall take such steps as are necessary to have the premises separately assessed by all taxing authorities. Tenant shall pay as additional rent before any fine, penalty, interest or cost may be added thereto for the non-payment thereof, all real estate taxes payable during the term of this lease or any extension thereof and other governmental charges, general and

special, or ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever, including assessments for public improvements hereafter levied on the premises and becoming payable during the term of this lease or any extension thereof. If any such assessments are payable in installments, then Tenant shall only be obligated to pay the installment becoming due during the term of this lease or any extension thereof. Real estate taxes for the year in which the term of this lease or any extension thereof ends shall be prorated as between Landlord and Tenant. Tenant shall have the right without being deemed in default hereunder, and subject to appropriate indemnity to Landlord against loss, cost, expense or damage, to contest any tax, assessment or other charge covered by this paragraph and, subject to indemnity as aforesaid, Landlord will cooperate in such contest as may be reasonably necessary to procure an adjudication of the propriety or legality of the charge.

If at any time during the term of this lease under the laws of the State or any political subdivision thereof in which the premises are situated, a tax or excise on rents or other tax however described is levied or assessed by said state or political subdivision against the Landlord or the annual rent payable hereunder, Tenant covenants to pay and discharge such tax or excise on rents or other tax but only to the extent of the amount thereof which is lawfully assessed or imposed upon Landlord and which was so assessed or imposed as a direct result of Landlord's ownership of the premises or of Landlord's interest in this lease or of the rentals accruing under this lease, it being the intention of the parties hereto that the rent to be paid hereunder shall be paid to Landlord absolutely net without deduction of any nature whatsoever, foreseeable or unforeseeable, except as in this Lease otherwise expressly provided. The payment to be made by Tenant pursuant to this section shall be made before any fine, penalty, interest or cost may be added thereto for the non-payment thereof. Such tax or excise on rents or other tax shall be deemed to be an item of additional rent hereunder. Nothing herein contained shall be construed as obligating Tenant to pay any part of any income tax imposed upon Landlord, or Landlord's income generally.

Sec. 26. Destruction and Restoration: Tenant further agrees that in case of damage to or destruction of the building on the premises during the original term hereof, it will promptly, without cost to the Landlord, repair, restore and rebuild the same as nearly as possible to the condition that the building was in prior to such damage or destruction. Landlord agrees that in case of damage to or destruction of the building on the premises during the extended term, if the option or options are exercised, it will promptly, without cost to Tenant repair, restore and rebuild the same as nearly as possible to the condition that the building was in prior to such damage or destruction, and if such damage or destruction prevents full use of all or a portion of the premises, then the rent shall be proportionately abated until the premises are repaired.

Except as otherwise specifically provided herein, damage to or destruction of any portion of all of the buildings, structures and fixtures upon the demised premises, by fire, the elements or any cause whatsoever, whether with or without fault on the part of Tenant, shall not terminate this lease or entitle Tenant to surrender the premises or entitle Tenant to any abatement of or reduction in the rent payable, or otherwise affect the respective obligations of the parties hereto, any present or future law to the contrary notwithstanding.

Sec. 27. Successors and Assigns: Subject to the provisions of Section 18 hereof, all of the provisions of this lease shall be binding and inure to the benefit of and shall apply to the respective assigns and legal representatives of Landlord and Tenant, respectively.

Sec. 28. Notices: All notices in this lease provided to be given by either party hereto to the other shall be deemed to have been given, when made in writing and deposited in the United States mail, certified and postage prepaid, and addressed as follows:

TO LANDLORD: P. O. Box 2232
Seattle, Washington 98111

TO TENANT: P. O. Box 3966
Seattle, Washington 98124

The address to which any notice, demand or other writing may be changed by written notice given by such party as above provided.

Sec. 29. Bank Exclusive: Landlord shall not rent any space in the Shopping Center for use as a commercial bank. This shall not exclude use of space for a mutual savings bank or a savings and loan association.

Sec. 30. Restriction on Construction: Landlord agrees that it will not construct any buildings in the area cross-hatched on Exhibit "A".

Sec. 31. Warranty of Possession: Landlord warrants to Tenant a quiet and uninterrupted peaceful possession and use of the premises for all purposes herein stated. The parties agree to make, execute, deliver and record a memorandum of this lease setting forth the names of the parties, the legal description of the premises, the term hereof, and the rights for extended terms. After the recordation of such memorandum and on the basis of a leasehold and title insurance policy or application therefor to be obtained by the Tenant, the Tenant shall be entitled to have and receive from any person or persons holding liens or interests in the premises prior in time or right to the Tenant, appropriate agreements in form satisfactory to Tenant insuring to Tenant the quiet use, possession and enjoyment of the premises throughout the term and any extension thereof, subject only to performance on the part of the Tenant of all terms, covenants and conditions of this lease.

Sec. 32. Option to Extend: Tenant, if not in default in the performance of any of its obligations hereunder, shall have the option to extend this lease for an additional period of ten (10) years upon the same terms and conditions as herein expressed except that the annual rental for such extended term shall be an amount arrived at by negotiation between the parties, or, in lieu of agreement, by arbitration in a manner as hereinafter provided, but in no event shall the rental for such period be less than $15,000 per year. Tenant, if it has exercised the first option and is not in default in the performance of any of its obligations hereunder, shall have the option to extend this lease for an additional ten (10) year period beyond the first ten (10) year option period, upon the same terms and conditions as herein expressed except that the annual rental for such extended term shall be such sum as may be agreed upon by Landlord and Tenant, but in lieu of such agreement, such sum as may be arrived at by arbitration in the manner as hereinafter provided, but in no event less than the rental for the last year of the first ten (10) year option period. The arbitrators in fixing the rentals

RLS:jg

shall take into account the then value of the building on the premises. After the first building has been constructed on the premises, Tenant shall not be obligated to construct another building thereon during any extension of the term of this lease.

If the parties are unable to agree on the rental for either of the ten (10) year option periods, then the rental shall be determined by arbitration under the rules and procedures of the American Arbitration Association then in effect.

Sec. 33. Removal of Trade Fixtures and Personal Property. Provided it shall have duly performed on its part all terms, covenants and conditions of this lease, Tenant shall have the right, upon termination of this lease, to remove from the leased premises all of its furniture, furnishings, equipment and other personal property and also its trade fixtures, including without being limited to, vault doors, night depository, drive-in deposit windows and snorkels, cabinets, counters and cages; provided, however, in effecting such removal, Tenant shall not structurally damage the building, and shall repair all defacement resulting from such removal.

IN WITNESS WHEREOF, the Landlord and the Tenant have signed their names and affixed their seals the day and year first above written.

REALBON CORPORATION

ATTEST:

By M E Brue
Vice President

Secretary

KING COUNTY BUILDING CO.

ATTEST:

By Andrew Price Jr.
President

Secretary

RLS:jg 8-5-68

STATE OF WASHINGTON)
) ss.
COUNTY OF K I N G)

On this 5th day of October, 1968, before me personally appeared M. E. BOYS, to me known to be the Vice President of REALBON CORPORATION, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument, and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

James R. Irwin
Notary Public in and for the State of Washington, residing at Seattle

STATE OF WASHINGTON)
) ss.
COUNTY OF K I N G)

On this 17th day of September, 1968, before me personally appeared ANDREW PRICE, JR., to me known to be the PRESIDENT of KING COUNTY BUILDING CO., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument, and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Notary Public in and for the State of Washington, residing at Seattle.

EXHIBIT "A-1"

Columbia Center National Bank Site

That portion of the east half of the northeast quarter of section 31, township 9 north, range 29 east, W.M. described as follows:

Beginning at the northeast corner of said section 31; thence north 89°24' 30" West along the north line thereof 232.88 feet to a point on the west right of way line of Colorado Street; thence south 2°15' 30" West along said right of way line 948.97 feet to the TRUE POINT OF BEGINNING; thence continuing South 2°15' 30" West along said right of way line 150.26 feet; thence south 8°33' 00" East along said right of way line 86.27 feet; thence north 87°44' 30" West 236.18 feet; thence north 2°15' 30" East 247.00 feet; thence South 87°44' 30" East 105.00 feet to a point of curve; thence along the arc of a 36.33 foot radius curve to the right 21.18 feet to a point of reverse curve; thence along the arc of a 36.33 foot radius curve to the left 21.18 feet to a point of tangency; (the total long chord of said reverse curve bears south 71°02' 43" East 41.76 feet;) thence south 87°44' 30" East 75.00 feet to the TRUE POINT OF BEGINNING.

Containing 1.237 Acres

Attached to and forming part of Lease dated September 11, 1968, by and between REALBON CORPORATION, as Lessor, and KING COUNTY BUILDING CO., as Lessee, concerning certain premises situated in Columbia Center, Kennewick, Washington.

Initialed by Lessor:

By: _____

By: _____

Initialed by Lessee:

By: _____

By: _____

GX E-74-a

INTER-OFFICE CORRESPONDENCE

FROM Head Office BRANCH

SUBJECT Realbon Corporation Lease

DATE December 9, 1968

THE NATIONAL BANK OF COMMERCE OF SEATTLE

Mr. Kenneth J. Clark
Secretary
King County Building Company

Dear Mr. Clark:

Enclosed is the recorded short form lease between Realbon Corporation and King County Building Company.

Mr. Loney of Loney, Westland & Rankes in Kennewick, recorded the document with the Benton County Auditor on November 14, 1968.

Sincerely,

Frank A. Abersfeller
Assistant Vice President

FAA:jk

Enclosure

GX K-74-b

RLS:jg 9-5-68

VOL 243 PAGE 799

FILED FOR RECORD AT REQUEST OF
NOV 14 9 35 AM '68
WESTERN TITLE INSURANCE CO.
243
MICRO'D BY
CHECKED BY

LEASE
(Short Form for Recordation)

THIS INDENTURE OF LEASE, made and entered into this 11th day of September, 1968, by and between REALBON CORPORATION, a Washington corporation, hereinafter called the "Landlord," and KING COUNTY BUILDING CO., a Washington corporation, hereinafter called the "Tenant";

W I T N E S S E T H:

For and in consideration of the sum of ONE DOLLAR and other valuable consideration paid and to be paid and performed by Tenant to Landlord, Landlord hereby leases to Tenant and Tenant hereby hires and takes of and from Landlord, upon the terms and conditions, for the rentals, and subject to the provisions more particularly contained and set forth in that certain Agreement of Lease between Landlord and Tenant of even date herewith (hereinafter referred to as "said Lease Agreement") the premises described in Exhibit "A" attached hereto and by reference thereto made a part hereof.

To have and to hold for a term commencing as of August 1, 1968 and ending on July 31, 1999, together with Tenant's options to extend said term for two successive periods of ten years each, after the end of said term.

IN WITNESS WHEREOF, the Landlord and Tenant have executed

this Lease on the day and year first above written.

REALDON CORPORATION

By _____
Vice President

ATTEST:

_____
Secretary

KING COUNTY BUILDING CO.

By _____
President

ATTEST:

_____
Secretary

STATE OF WASHINGTON)
) ss.
COUNTY OF K I N G)

On this 30th day of October, 1968, before me, personally appeared M. E. BOYS, to me known to be the Vice President of REALDON CORPORATION, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument, and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written,

_____
Notary Public in and for the State of Washington, residing at Seattle

STATE OF WASHINGTON)
) ss.
COUNTY OF K I N G)

On this 11th day of September, 1968, before me personally appeared ANDREW PRICE, JR., to me known to be the President of KING COUNTY BUILDING CO., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument, and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Notary Public in and for the State of Washington, residing at Seattle

VOL 243 PAGE 802

EXHIBIT "A"

Columbia Center National Bank Site

That portion of the east half of the northeast quarter of section 31, township 9 north, range 29 east, W.M. described as follows:

Beginning at the northeast corner of said section 31; thence north 89°24' 30" West along the north line thereof 232.88 feet to a point on the west right of way line of Colorado Street; thence south 2°15' 30" West along said right of way line 948.97 feet to the TRUE POINT OF BEGINNING; thence continuing South 2°15' 30" West along said right of way line 150.26 feet; thence south 8°33' 00" East along said right of way line 86.27 feet; thence north 87°44' 30" West 236.18 feet; thence north 2°15' 30" East 247.00 feet; thence South 87°44' 30" East 105.00 feet to a point of curve; thence along the arc of a 36.33 foot radius curve to the right 21.18 feet to a point of reverse curve; thence along the arc of a 36.33 foot radius curve to the left 21.18 feet to a point of tangency; (the total long chord of said reverse curve bears south 71°02' 43" East 41.76 feet;) thence south 87°44' 30" East 75.00 feet to the TRUE POINT OF BEGINNING.

Containing 1.237 Acres

Attached to and forming part of Lease (Short Form for Recordation) dated September 11, 1968, by and between REALBON CORPORATION, as Lessor, and KING COUNTY BUILDING CO., as Lessee, concerning certain premises situated in Columbia Center, Kennewick, Washington.

Initialed by Lessor:

By: _____

By: _____

Initialed by Lessee:

By: _____

By: _____

GX K-74-c

NOV 6 1968

SECOND AVENUE AT SPRING STREET
(206) 587-2460
Head Office.....P. O. BOX 3966, SEATTLE, WASHINGTON 98124

The National Bank of Commerce of Seattle

November 4, 1968

Mr. Dean Loney
Loney, Westland & Raekes
300 West Kennewick Avenue
Kennewick, Washington 99336

Dear Dean:

The original and a photocopy of the lease (short form for recordation) between Realbon Corp. and King County Building Co, dated September 11, 1968, is enclosed.

Using Benton County Title Insurance Co., it would now be appropriate to have the document recorded and secure title insurance, based on a valuation of $200,000. I understand that the leasehold premium on a $200,000 policy would be based on 30/50 of $200,000, or $120,000. This would make the premium $391.50.

Please forward a copy of the preliminary report to me when it is available.

Sincerely,

James K. Dunham
Assistant Vice President

JKD:ms

Enclosure

From the King County Building Co.
Board Book, dated October 15, 1968
Page 135

a sublease between King County Building Co., as lessor, and Columbia Center National Bank, as lessee, covering both ground and building.

Mr. Price presented sales figures provided by the developers of Columbia Center, Kennewick, Washington, indicating that annual sales of $13,900,000 are anticipated by the end of the fourth year. The President stated that the developers of this shopping center desire the initial presence of a substantial bank to stimulate development of all phases of the center. They have offered an exclusive lease for a period of years to a newly-formed bank to be known as the Columbia Center National Bank. Operating figures prepared by the organizers of the bank are acceptable to the Comptroller of the Currency and Mr. Price stated that he has been informed that the organizers hold a permit issued by the office of the Comptroller of the Currency to operate a national bank.

The President stated that although the gross liability under the master ground lease approximates $375,122 over a period of thirty years, income from the using bank or its successor organizations should offset the cost. In addition, the arrangement will afford the National Bank of Commerce an opportunity to obtain an important relationship as a correspondent bank to the newly-formed bank. Mr. John F. Hall inquired whether management regards this lease as a profitable transaction for King County Building Co. Mr. Price replied that the rental income is calculated to provide the company with a reasonable business profit at a reasonable risk. The President concluded by recommending that the company enter into the transactions as outlined.

After discussion, on motion of Mr. Faragher, seconded by Mr. Stowell, the following resolution was adopted:

From the King County Building Co.
Board Book, dated October 15, 1968
Page 136

COLUMBIA CENTER AGREEMENT OF LEASE

RESOLVED, that King County Building Co. enter into that certain lease dated September 11, 1968 by and between Realbon Corporation, a Washington corporation, as landlord, and King County Building Co., a Washington corporation, as tenant, calling for the lease for thirty (30) years of premises in Columbia Center, Kennewick, Washington, and the construction of a bank building on those premises.

BE IT FURTHER RESOLVED, that the President and the Secretary of King County Building Co. be and are hereby directed and authorized to execute said lease and affix the seal of the corporation.

BE IT FURTHER RESOLVED, that the officers of King County Building Co. be and are hereby further authorized to undertake such actions as may be necessary or convenient to complete this transaction, construct a bank building, and carry out the terms of said lease.

On motion of Mr. Faragher, seconded by Mr. Stowell, the following resolution was adopted:

SUBLEASE TO COLUMBIA CENTER NATIONAL BANK

RESOLVED, that King County Building Co. enter into that certain sublease dated September 11, 1968 by and between King County Building Co., a Washington corporation, as lessor, and Columbia Center National Bank, a national banking association, as lessee, calling for the lease of a parcel of land and a completed bank building in the Columbia Center, Kennewick, Washington, for a period of five years, with a renewal option.

BE IT FURTHER RESOLVED, that any two officers of King County Building Co. be and are hereby authorized and directed to execute said lease and take all other actions that may be necessary or convenient to carry out this transaction.

GX K-76

From the King County Building Co.
Board Book, dated November 22, 1968
Page 137

The President asked Mr. Dunham to present to the Board the plans for construction of a bank building at Columbia Center. There will be ninety parking spaces and two drive-up windows. The basic building cost is estimated at $230,000 with bank specialties at $42,000 and equipment at $47,500. Plans for construction of this bank building were approved. It was the decision of the Trustees that the building should be submitted for competitive bid to five or six contractors doing business in the tri-city area or in eastern Washington. Mr. Stowell expressed confidence in the ultimate success of this project.

GX K-77

From the King County Building Co.
Board Book, dated December 26, 1968
Page 138

The minutes of the previous meeting were approved as amended, to reflect that there will be only one drive-up window at the Columbia Center National Bank Building. It was reported that working drawings for the Columbia National Bank will be available shortly. Mr. Lynch is reported to be working on a new cost projection to make certain that the increased cost of construction is consonant with the capital, surplus and earning capabilities of the new bank, and that the bank will be able to earn and pay the new, higher monthly lease payments under its lease with the King County Building Co.

GX K-78

From the King County Building Co.
Board Book, dated January 30,.1969
Page 141

Columbia Center Building

Bids were received on January 24 for the new building at Columbia Center which is to be completed by June 15, 1969. The previous budget for the building was $272,000 plus sales tax, with the present low bid of $259,076 by Hazen & Clark. The completed structure will cost $322,472, or $50,000 more than the November estimate. This figure is $42.00 per square foot. Mr. Erickson expressed the opinion that this might be reduced by $15,000. On motion by Mr. Glase, seconded by Mr. Erickson, it was approved that a bid of Hazen & Clark at $259,076 be accepted with the understanding that the total not exceed $322,472, including everything except sales tax.

S U B L E A S E

THIS LEASE, executed this 11th day of September 1968, by and between KING COUNTY BUILDING CO., a Washington corp hereinafter referred to as "Lessor", and COLUMBIA CENTER NATIONA a national banking association, hereinafter referred to as "Less

W I T N E S S E T H :

That Lessor, in consideration of the rent herein speci to be paid by Lessee, and the covenants and conditions herein me does hereby sublet unto Lessee, and Lessee does hereby rent from Lessor, the real property described in Exhibit A-1 hereto and ou in red on the plot plan of the Shopping Center hereto attached a Exhibit "A", together with the building and appurtenances to be thereon as hereinafter more specifically provided, all of which hereinafter be referred to as "The Premises".

TO HAVE AND TO HOLD the same unto Lessee, its successo assigns for the period and upon the terms and conditions herein set forth.

Article 1

TERM

The term of this lease shall be for a period five (5) years, commencing on the day the bui to be constructed on the premises opens for business to the general public, but in any event this Lease shal commence no later than thirty (30) days after said building and improvements are completed and Lessee has been tendered exclusive possession of the premises.

When the exact dates of the lease term are determined, a short form of Lease will be executed for recording indicating the actual commencement and termination dates.

Article 2

RENTAL

The ground rental for the demised premises, which Lessee agrees to pay, shall be that monthly amount which is payable during the term hereof by Lessor as rental under Section 4 of "Columbia Center Agreement of Lease" described in Article 7 hereof, increased by 7 % of such amount, with rental for partial months constituting the first and final months of the term to be prorated. Rental hereunder shall be payable in advance on or before the 5th day of each month.

Lessee agrees to pay, as improvement rental, similarly in equal monthly installments, an annual sum equal to seven per cent (7%) of the cost of construction of the building and on-site improvements, more particularly hereinafter referred to. Cost of construction shall include, without limitation, all site preparation, permits, insurance during course of construction, amounts payable to contractors, all legal, engineering and architectural fees, plus applicable sales tax, and in general all costs directly related and incurred in connection

with the construction by Lessor of the improvements herein provided for. Cost of construction shall not include work to be done and paid for by Lessee.

Article 3

USE

It is understood and agreed between the parties hereto that the premises during the term of this lease may be used and occupied only for carrying on the business of banking and for no other purpose or purposes whatsoever.

Article 4

TAXES AND UTILITY CHARGES

Lessee shall pay for all water, heat, gas, electricity, sewage, garbage service and other utilities and services consumed or used by Lessee in connection with Lessee's occupancy of the demised premises.

Lessee shall pay all taxes and assessments on all personal property and trade fixtures owned by Lessee in the demised premises.

Lessee agrees to pay as additional rental, all real property taxes and L.I.D. assessments on the demised premises which accrue during the term of this lease or any renewals thereof; provided, however, taxes shall be prorated for any year in which this Lease commences or terminates. In the case of assessments Lessee shall only be liable to Lessor for those installments falling due during the term hereof. Lessor shall present statements to Lessee, and Lessee shall pay the charges herein described, prior to delinquency.

The parties agree to cooperate as reasonably requested in any protest or contest as to the amount of taxes or assessments payable,

provided the Lessor shall be held harmless by Lessee from all loss, damage, cost and expense attendant upon contest during the term of this Lease.

Article 5

IMPROVEMENTS

Unless delayed by causes beyond its control, Lessor will on or before June 1, 1969, at its cost and expense construct on the demised premises a building and other improvements in accordance with plans and specifications which have been submitted to and approved by Lessee.

Lessee shall by October 30, 19 68, provide Lessor with a floor plan showing exact location of trade fixtures, plumbing and electrical fixtures and other information necessary for completion of improvements on the demised premises.

The work to be done by Lessor and the work to be done by Lessee is outlined in the schedule attached hereto and marked Exhibit "B" and by this reference made a part hereof.

All work undertaken by Lessee shall be at Lessee's expense, and shall not damage the building or any part thereof.

Work undertaken by Lessee and at Lessee's own expense during the general construction shall be awarded to Lessor's contractor, unless Lessor shall otherwise agree in writing.

The design of all work and installation undertaken by Lessee shall be subject to the approval of Lessor's architect or supervising engineer, and shall not be commenced until such approval is obtained. Such approval shall not be unreasonably withheld.

The construction contract(s) with the contractor(s) selected for the work to be done by Lessor shall be approved by Lessee prior to its execution by Lessor.

In the event of the inability of Lessor to deliver possession of the premises, or any portion thereof, as herein provided, by reason of any cause beyond the control of Lessor, or of Lessor's contractor, Lessor shall not be liable for any damage caused thereby, nor shall this lease thereby become void or voidable, but in any event, Lessee shall not be liable for any rent hereunder until such time as Lessor can deliver possession.

Article 6

ALTERATIONS

Lessee shall have the right to make such adaptation of the interior of the premises as it shall desire for the proper and efficient operation of it's business; provided, however, that all such adaptation shall be at the sole cost and expense of Lessee, and provided no structural alterations or changes shall be made without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Such changes and alterations shall conform with building codes and zoning regulations now or hereinafter legally effective and promulgated by the state, county, or municipal authorities and shall be done in a first-class workmanlike manner. All structural alterations or changes shall become the property of Lessor. At the end of the term of this Lease or of any renewals thereof, Lessee shall restore the floor and walls of the demised building to the condition in which they were at the beginning of the Lease term, damage by fire, elements, earthquake, act of God, war, riot, reasonable wear and tear and other causes beyond Lessee's control excepted.

The parties contemplate that, during the term of the Lease, Lessee may require additional space for its banking operations on the demised premises and in such event, Lessee shall notify Lessor in writing

of its desire for same. Design, plans and specifications shall be subject to Lessor's approval, and shall be prepared by an Architect, and construction carried out by a Contractor, satisfactory to both parties. Contracts shall be let in Lessor's name, and at Lessor's cost, but the construction contract shall be subject to Lessee's advance approval.

Upon completion of the enlargement, the Lessee agrees to pay as increased improvement rental an additional annual sum equal to seven per cent (7%) of the cost of the enlargement, such additional rental to be payable in equal monthly installments. Cost of enlargement shall be determined in the same manner as is hereinbefore in Section 5 provided.

Article 7

REPAIRS

Lessee will at all times keep the premises neat, clean and in a sanitary condition, and will replace glass of any and all windows and doors as may become cracked or broken, and except for reasonable wear and tear and damage by fire or other unavoidable casualty, will at all times preserve said premises in good repair. All such repairs shall be at Lessee's cost. Lessee agrees that at the expiration of this Lease, Lessee will quit and surrender the said premises without notice and in a neat and clean condition and will deliver all keys belonging to said premises to Lessor.

Lessee covenants: that no waste or damage shall be committed upon or to the premises; that the premises shall be used for only the purpose hereinabove stated; that said premises shall not be [illegible] for

any unlawful purpose; and that no violations of law or ordinance or duly constituted authority shall be committed in, on, or about the premises.

Throughout said term, Lessee agrees that it will:

(a) Take good care of the premises, fixtures, and appurtenances and all alterations, additions, and improvements to same, whether installed by Lessor or Lessee.

(b) Make all repairs and replacements in and about the premises necessary to preserve them in good order and condition, which repairs and replacements shall be equal in quality to the original work.

(c) Promptly pay the expense of such repairs and replacements.

(d) Keep all drainage pipes free and open, and protect water, heating and other pipes so that they will not freeze or become clogged.

(e) Repair all leaks, and repair all damages caused by leaks or by reason of Lessee's failure to protect and keep free, open and unfrozen any of the pipes and plumbing on said premises.

(f) Be responsible for and bear the cost of the removal of ice and snow from the roof and from the sidewalk in front of and about said premises.

(g) Give prompt notice to Lessor of any damage that may occur.

(h) In general, timely observe and perform and see to the timely observance and performance of, and to be at all times bound by, the terms, covenants and conditions of the following sections as applicable to the "Tenant" under that certain "Columbia Center Lease" dated the 11th day of September, 1968, by and between REALBON CORPORATION, a Washington corporation, as "Landlord" and Lessor herein as "Tenant", to-wit, Sections 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 20, 21, 22, 24 and 25 (last paragraph) thereof, and to indemnify and hold harmless the Lessor by reason of any failure to so do.

Reciprocally, subject to the foregoing, Lessee shall have the right to enjoy the rights herein granted and also the benefits of Sections 5, 11, 12, 16, 23, 24, 30, 31 and 32 of said Columbia Center Lease.

Lessor agrees on its part to pay the basic rental stipulated in Section 4 of said Columbia Center Lease, and in general acknowledges its ultimate responsibility to the Landlord thereof for the performance of all terms, covenants and conditions of said Columbia Center Lease. It is understood, however, that the parties hereto intend that the excess of ground rental hereunder over said Section 4 rental, and all the improvement and enlargement rental, shall be on a net-net-net basis to Lessor during the term of this sublease and if the Lessor shall incur any expense with respect to the premises, which expense is not attributable to Lessor's own default, and is in connection with any matters not expressly made the Lessor's responsibility under the terms of this Lease then Lessee agrees to reimburse the same to Lessor on demand, and in general to hold Lessor fully harmless in the premises.

Article 8

LIABILITY FIRE INSURANCE — Lessor shall provide and pay for fire and extended coverage insurance upon Lessor's building on the demised premises. Lessee shall reimburse Lessor for all premiums as additional rental upon delivery to it of evidence of premiums paid.

Lessee agrees to hold Lessor harmless and indemnify Lessor from and against any and all claims for damages due to injuries to or death of persons, or damage to property, while in, on, or about the demised premises.

During the term of this Lease, Lessee agrees to keep its fixtures and merchandise adequately covered by fire and extended coverage insurance, and both parties hereto on behalf of themselves and their

respective insurers, relieve each other from liability for negligent acts or omissions causing loss covered by insurance and hereby waive any and all subrogation rights with respect to any such insurance.

Article 9

RIGHT TO ENTER

Lessor, and its agents and workmen, may at all reasonable times enter upon the demised premises to inspect or make any repairs to same as Lessor deems necessary for the protection or preservation of the building and appurtenances; provided, however, this article shall not be deemed a covenant to repair.

Article 10

DEFAULT AND RE-ENTRY

If Lessee shall default in the payment of rent or performance of any of the other covenants and agreements herein contained, then the Lessor may after reasonable notice and opportunity to remedy default cancel this Lease upon giving the notice required by law, and re-enter said premises. Notwithstanding such re-entry by the Lessor, the liability of the Lessee for the rent provided for herein shall survive for the balance of the term, and Lessee agrees to pay to Lessor any deficiency arising from reletting the premises at lesser rental than herein agreed. The Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Lessor. In case of such re-entry, the Lessor may relet the demised premises upon such terms as to it seem fit and for a term which may expire either before or after the expiration date of this Lease.

Article 11

DESTRUCTION OF PREMISES

If the premises or the building are rendered totally untenantable by fire or other casualty, Lessor may elect (a) to terminate this Lease as

of the date of the fire or other casualty by notice to Lessee within thirty (30) days after that date; or (b) to repair, restore, or rehabilitate the building or the premises at Lessor's expense within one hundred twenty (120) days after Lessor is enabled to take possession of the damaged premises and to undertake the repairs, restoration and rehabilitation, in which latter event the term of the Lease shall not terminate but rental hereunder shall be abated on a per diem basis while the premises are untenantable. If Lessor elects so to repair, restore, or rehabilitate the building or premises, and does not substantially complete the work within the 120-day period, due allowance being made for any prevention of Lessor's so doing by reason of practical impossibility, Lessee may terminate this Lease as of the date of the fire or other casualty by notice to the Lessor not later than one hundred thirty (130) days after Lessor is enabled to take possession of the injured premises and to undertake the repairs, restoration, and rehabilitation. In the event of termination of this Lease pursuant to this section, rental shall be apportioned on a per diem basis and be paid to the date of the fire or other casualty. If the premises are partially destroyed and are partially tenantable, then Lessor shall, as soon as practically possible, repair the partial destruction. During the period of repair, rental shall be abated in proportion that the unusable area bears to the total area leased.

Article 12

CONDEMNATION

If the whole of the premises hereby leased shall be taken by any public authority under the power of eminent domain, then the term of this Lease shall

cease as of the day possession is taken by such public authority and the rent shallbe paid up to that date. If only a part of the leased premises shall betaken under eminent domain and the remainder of the leased premises not so taken can be made tenantable for the purposes for which Lessee has been using the premises, and access and parking benefits hereof be not thereby substantially impaired, then this Lease shall continue in the full force and effect as to the remainder of said premises and all of the terms herein provided shall continue in effect, except that rent shall be reduced in proportion to the amount of the premises taken, and Lessor, at its own cost and expense, shall make all necessary repairs and alterations to the leased premises required by such taking; provided, however, that if more than fifty per cent (50%) of the floor area of the building in which the premises are located, or more than twenty-five per cent (25%) of the parking and common areas of the Shopping Center shall be taken under power of eminent domain, either party may, by written notice to the other delivered on or before the date of surrendering possession to the public authority, terminate this Lease. All damages awarded for such taking shall belong to and be the exclusive property of Lessor whether such damages shall be awarded as compensation for diminution in the value of the leasehold or to the fee of the premises. Provided Lessee shall not be in default hereunder, Lessor shall reimburse Lessee from said award to reimburse Lessee for cost of removal of stock and fixtures.

Article 13

LIENS AND INSOLVENCY Lessee shall keep the leased premises and the property in which the leased premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by Lessee. In the event Lessee becomes insolvent, voluntarily or involuntarily bankrupt,

if a receiver, assignee, or other liquidating officer is appointed
r the business of the Lessee, then the Lessor may cancel this Lease
Lessor's option.

Article 14

TION TO
END

Provided Lessee shall have performed and shall continue to perform all terms, covenants and conditions of this Lease, Lessee shall have the right
d option, exercisable by the giving of written notice to Lessor no
ter than 180 days prior to the end of the basic term, to extend the
ms of this Sublease for one (1) five (5) year period. The ground
tal for such extended term, which Lessee covenants to pay, shall be
puted in relation to rental payable by Lessor over such extended term
der the terms of Section 2 of said Columbia Center Agreement of Lease,
creased by 7 % thereof, plus the amount of improvement rental as
termined under Article 2 hereof, such rental to be payable in equal
nthly installments, each payable in advance on or before the 5th day
each calendar month throughout the extended term. All other articles
this Sublease, pertaining to rental or otherwise, shall be and remain
full force and effect throughout such extended term.

Article 15

TICES

Notices and demands shall be forwarded by registered mail, postage prepaid, to:

Lessor: King County Building Co.
P. O. Box 3966
Seattle, Washington 98124

Lessee: Columbia Center National Bank

bject to the right of either party to designate by notice in writing any
address to which notices, demands and installments of rental may be sent.

Article 16

MISCELLANEOUS

The waiver of either party of any of the covenants herein contained shall not be deemed a waiver of such party's right to enforce the same or any other covenant contained herein. The rights and remedies given to the parties hereunder shall be in addition to, and not in lieu of, any right or remedy as provided by law.

If Lessee shall hold the premises beyond the term herein specified, or any renewal thereof, with the consent, expressed or implied, of Lessor, such holding over shall be construed to be a month-to-month tenancy, subject to all the terms, conditions, and obligations of this Lease unless otherwise mutually agreed upon in writing.

The article headings shall not be deemed to contain all the subject matter nor be considered in the interpretation thereof, it being understood that the article headings are for convenience and not for the purpose of interpretation.

In the event of any controversy, the laws of the State of Washington and of the City and County in the State of Washington in which the premises are located, applicable to such controversy, shall prevail.

This Lease or any part thereof is not to be construed as a joint enterprise, a partnership, or any other relationship except that of Lessor and Lessee.

This Lease shall apply to and bind the heirs, executors, administrators, successors and assigns of all of the parties hereto.

It is agreed that all moneys due Lessor shall bear interest at the rate of 10% per annum after the due date specified in the Lease,

unless without fault of the Lessee the determination of such amount is delayed and in which case such interest rate shall be 6% per annum.

No modification of this Lease shall be binding unless evidenced by an agreement in writing signed by each of the parties hereto.

Lessor and Lessee agree to execute a short form of Lease for recording.

Article 17

REMOVAL OF LESSEE'S PROPERTY

The Lessee may at the termination of this Lease, remove all furniture, furnishings, vault doors, cabinets and counters, and in general all trade and other fixtures and equipment installed by it in or upon the demised premises, subject to the obligation to restore and return the premises as in Article 7 provided.

IN WITNESS WHEREOF, the parties have hereunto set hand and seal the day and year first hereinabove written.

KING COUNTY BUILDING CO.

By Andrew Price Jr.
Its President

Attest Kenneth J. Clark
Its Secretary

LESSOR

COLUMBIA CENTER NATIONAL BANK

By _____
Its _____

Attest _____
Its _____

LESSEE

STATE OF WASHINGTON)
) ss
COUNTY OF K I N G)

On this _____ day of September, 1968, before me personally appeared Andrew Price, Jr. and Kenneth J. Clark, to me known to be the President and Secretary of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

_____
Notary Public in and for the State of Washington residing at Seattle.

STATE OF WASHINGTON)
Benton)
COUNTY OF K-I-N G)

On this 13th day of December, 1968, before me personally appeared _____ and _____ to me known to be the _____ and _____ of the national banking association that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said association, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the seal of the said national banking association.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

_____
Notary Public in and for the State of Washington residing at Seattle.

EXHIBIT "A-1"

Columbia Center National Bank Site

That portion of the east half of the northeast quarter of section 31, township 9 north, range 29 east, W.M. described as follows:

Beginning at the northeast corner of said section 31; thence north 89°24'30" west along the north line thereof 232.88 feet to a point on the west right of way line of Colorado Street; thence south 2°15'30" west along said right of way line 948.97 feet to the TRUE POINT OF BEGINNING; thence continuing south 2°15'30" west along said right of way line 150.26 feet; thence south 8°33' 00" east along said right of way line 86.27 feet; thence north 87°44'30" west 236.18 feet; thence north 2°15'30" east 247.00 feet; thence south 87°44'30" east 105.00 feet to a point of curve; thence along the arc of a 36.33 foot radius curve to the right 21.18 feet to a point of reverse curve; thence along the arc of a 36.33 foot radius curve to the left 21.18 feet to a point of tangency; (the total long chord of said reverse curve bears south 71°02'43" east 41.76 feet;) thence south 87°44'30" east 75.00 feet to the TRUE POINT OF BEGINNING.

Containing 1.237 Acres

Attached to and forming part of Sublease dated September 11, 1968, by and between KING COUNTY BUILDING CO., as Lessor, and COLUMBIA CENTER NATIONAL BANK, as Lessee, concerning certain premises situated in Columbia Center, Kennewick, Washington.

Initialed by Lessor:

By: _____

By: _____

Initialed by Lessee:

By: _____

By: _____

GX K-79-b

Received 2-12-69 Ord. 2114

SUBLEASE

THIS LEASE, executed this 11th day of September, 1968, by and between KING COUNTY BUILDING CO., a Washington corporation, hereinafter referred to as "Lessor", and COLUMBIA CENTER NATIONAL BANK, a national banking association, hereinafter referred to as "Lessee";

WITNESSETH:

That Lessor, in consideration of the rent herein specified to be paid by Lessee, and the covenants and conditions herein mentioned, does hereby sublet unto Lessee, and Lessee does hereby rent from Lessor, the real property described in Exhibit A-1 hereto and outlined in red on the plot plan of the Shopping Center hereto attached as Exhibit "A", together with the building and appurtenances to be erected thereon as hereinafter more specifically provided, all of which shall hereinafter be referred to as "The Premises".

TO HAVE AND TO HOLD the same unto Lessee, its successors and assigns for the period and upon the terms and conditions hereinafter set forth.

Article 1

TERM

The term of this lease shall be for a period of five (5) years, commencing on the day the building to be constructed on the premises opens for business to the general public, but in any event this Lease shall commence no later than thirty (30) days after said building and improvements are completed and Lessee has been tendered exclusive possession of the premises.

When the exact dates of the lease term are determined, a short form of Lease will be executed for recording indicating the actual commencement and termination dates.

Article 2.

RENTAL

As rental for the premises for the first three years of this lease, Lessee agrees to pay the ground rental for the demised premises in the monthly amount which is payable during the term hereof by Lessor as rental under Section 4 of "Columbia Center Agreement of Lease", described in Article 3 hereof, with rental for partial months constituting the first and final month of the term to be pro-rated. Rental hereunder shall be payable in advance on or before the 5th day of each month.

At the termination of the third year of this lease and commencing with the fourth and continuing through the fifth year, Lessee agrees to pay, as improvement rental, similarly in equal monthly installments, an annual sum equal to seven per cent (7%) of the cost of construction of the building and on-site improvements, more particularly hereinafter referred to. Cost of construction shall include, without limitation, all site preparation, permits, insurance during course of construction, amounts payable to contractors, all legal, engineering and architectural fees, plus applicable sales tax, and in general all costs directly related and incurred in connection

with the construction by Lessor of the improvements herein provided for. Cost of construction shall not include work to be done and paid for by Lessee.

Article 3

USE

It is understood and agreed between the parties hereto that the premises during the term of this lease may be used and occupied only for carrying on the business of banking and for no other purpose or purposes whatsoever.

Article 4

TAXES AND UTILITY CHARGES

Lessee shall pay for all water, heat, gas, electricity, sewage, garbage service and other utilities and services consumed or used by Lessee in connection with Lessee's occupancy of the demised premises.

Lessee shall pay all taxes and assessments on all personal property and trade fixtures owned by Lessee in the demised premises.

Lessee agrees to pay as additional rental, all real property taxes and L.I.D. assessments on the demised premises which accrue during the term of this lease or any renewals thereof; provided, however, taxes shall be prorated for any year in which this Lease commences or terminates. In the case of assessments Lessee shall only be liable to Lessor for those installments falling due during the term hereof. Lessor shall present statements to Lessee, and Lessee shall pay the charges herein described, prior to delinquency.

The parties agree to cooperate as reasonably requested in any protest or contest as to the amount of taxes or assessments payable,

provided the Lessor shall be held harmless by Lessee from all loss, damage, cost and expense attendant upon contest during the term of this Lease.

Article 5

IMPROVEMENTS

Unless delayed by causes beyond its control, Lessor will on or before June 1, 1969, at its cost and expense construct on the demised premises a building and other improvements in accordance with plans and specifications which have been submitted to and approved by Lessee.

Lessee shall by October 30, 19 68, provide Lessor with a floor plan showing exact location of trade fixtures, plumbing and electrical fixtures and other information necessary for completion of improvements on the demised premises.

The work to be done by Lessor and the work to be done by Lessee is outlined in the schedule attached hereto and marked Exhibit "B" and by this reference made a part hereof.

All work undertaken by Lessee shall be at Lessee's expense, and shall not damage the building or any part thereof.

Work undertaken by Lessee and at Lessee's own expense during the general construction shall be awarded to Lessor's contractor, unless Lessor shall otherwise agree in writing.

The design of all work and installation undertaken by Lessee shall be subject to the approval of Lessor's architect or supervising engineer, and shall not be commenced until such approval is obtained. Such approval shall not be unreasonably withheld.

The construction contract(s) with the contractor(s) selected for the work to be done by Lessor shall be approved by Lessee prior to its execution by Lessor.

In the event of the inability of Lessor to deliver possession of the premises, or any portion thereof, as herein provided, by reason of any cause beyond the control of Lessor, or of Lessor's contractor, Lessor shall not be liable for any damage caused thereby, nor shall this lease thereby become void or voidable, but in any event, Lessee shall not be liable for any rent hereunder until such time as Lessor can deliver possession.

Article 6

ALTERATIONS

Lessee shall have the right to make such adaptation of the interior of the premises as it shall desire for the proper and efficient operation of it's business; provided, however, that all such adaptation shall be at the sole cost and expense of Lessee, and provided no structural alterations or changes shall be made without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Such changes and alterations shall conform with building codes and zoning regulations now or hereinafter legally effective and promulgated by the state, county, or municipal authorities and shall be done in a first-class workmanlike manner. All structural alterations or changes shall become the property of Lessor. At the end of the term of this Lease or of any renewals thereof, Lessee shall restore the floor and walls of the demised building to the condition in which they were at the beginning of the Lease term, damage by fire, elements, earthquake, act of God, war, riot, reasonable wear and tear and other causes beyond Lessee's control excepted.

The parties contemplate that, during the term of the Lease, Lessee may require additional space for its banking operations on the [illegible] premises and in such event, Lessee shall notify Lessor in writing

of its desire for same. Design, plans and specifications shall be subject to Lessor's approval, and shall be prepared by an Architect, and construction carried out by a Contractor, satisfactory to both parties. Contracts shall be let in Lessor's name, and at Lessor's cost, but the construction contract shall be subject to Lessee's advance approval.

Upon completion of the enlargement, the Lessee agrees to pay as increased improvement rental an additional annual sum equal to seven per cent (7%) of the cost of the enlargement, such additional rental to be payable in equal monthly installments. Cost of enlargement shall be determined in the same manner as is hereinbefore in Section 5 provided.

Article 7

REPAIRS

Lessee will at all times keep the premises neat, clean and in a sanitary condition, and will replace glass of any and all windows and doors as may become cracked or broken, and except for reasonable wear and tear and damage by fire or other unavoidable casualty, will at all times preserve said premises in good repair. All such repairs shall be at Lessee's cost. Lessee agrees that at the expiration of this Lease, Lessee will quit and surrender the said premises without notice and in a neat and clean condition and will deliver all keys belonging to said premises to Lessor.

Lessee covenants: that no waste or damage shall be committed upon or to the premises; that the premises shall be used for only the purpose hereinabove stated; that said premises shall not be used for

any unlawful purpose; and that no violations of law or ordinance or duly constituted authority shall be committed in, on, or about the premises.

Throughout said term, Lessee agrees that it will:

(a) Take good care of the premises, fixtures, and appurtenances and all alterations, additions, and improvements to same, whether installed by Lessor or Lessee.

(b) Make all repairs and replacements in and about the premises necessary to preserve them in good order and condition, which repairs and replacements shall be equal in quality to the original work.

(c) Promptly pay the expense of such repairs and replacements.

(d) Keep all drainage pipes free and open, and protect water, heating and other pipes so that they will not freeze or become clogged.

(e) Repair all leaks, and repair all damages caused by leaks or by reason of Lessee's failure to protect and keep free, open and unfrozen any of the pipes and plumbing on said premises.

(f) Be responsible for and bear the cost of the removal of ice and snow from the roof and from the sidewalk in front of and about said premises.

(g) Give prompt notice to Lessor of any damage that may occur.

(h) In general, timely observe and perform and see to the timely observance and performance of, and to be at all times bound by, the terms, covenants and conditions of the following sections as applicable to the "Tenant" under that certain "Columbia Center Lease" dated the 11th day of September, 1968, by and between REALBON CORPORATION, a Washington corporation, as "Landlord" and Lessor herein as "Tenant", to-wit, Sections 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 20, 21, 22, 24 and 25 (last paragraph) thereof, and to indemnify and hold harmless the Lessor by reason of any failure to so do.

Reciprocally, subject to the foregoing, Lessee shall have the right to enjoy the rights herein granted and also the benefits of Sections 5, 11, 12, 16, 23, 24, 30, 31 and 32 of said Columbia Center Lease.

Lessor hereby agrees on its part to pay the basic rental stipulated ection 4 of said Columbia Center Lease, and in general acknowledges ultimate responsibility to the Landlord thereof for the performance all terms, covenants and conditions of said Columbia Center Lease. is understood, however, that the parties hereto intend that the excess ground rental hereunder over said Section 4 rental, and all the im- vement and enlargement rental, shall be on a net-net-net basis to sor during the term of this sublease and if the Lessor shall incur expense with respect to the premises, which expense is not attribut- e to Lessor's own default, and is in connection with any matters not ressly made the Lessor's responsibility under the terms of this Lease, n Lessee agrees to reimburse the same to Lessor on demand, and in eral to hold Lessor fully harmless in the premises.

Article 8

BILITY E INSURANCE

Lessor shall provide and pay for fire and extended coverage insurance upon Lessor's building on the demised premises. Lessee all reimburse Lessor for all premiums as additional rental upon livery to it of evidence of premiums paid.

Lessee agrees to hold Lessor harmless and indemnify Lessor m and against any and all claims for damages due to injuries to or th of persons, or damage to property, while in, on, or about the ised premises.

During the term of this Lease, Lessee agrees to keep its xtures and merchandise adequately covered by fire and extended cover- e insurance, and both parties hereto on behalf of themselves and their

respective insurers, relieve each other from liability for negligent acts or omissions causing loss covered by insurance and hereby waive any and all subrogation rights with respect to any such insurance.

Article 9

RIGHT TO ENTER

Lessor, and its agents and workmen, may at all reasonable times enter upon the demised premises to inspect or make any repairs to same as Lessor deems necessary for the protection or preservation of the building and appurtenances; provided, however, this article shall not be deemed a covenant to repair.

Article 10

DEFAULT AND RE-ENTRY

If Lessee shall default in the payment of rent or performance of any of the other covenants and agreements herein contained, then the Lessor may after reasonable notice and opportunity to remedy default cancel this Lease upon giving the notice required by law, and re-enter said premises. Notwithstanding such re-entry by the Lessor, the liability of the Lessee for the rent provided for herein shall survive for the balance of the term, and Lessee agrees to pay to Lessor any deficiency arising from reletting the premises at lesser rental than herein agreed. The Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Lessor. In case of such re-entry, the Lessor may relet the demised premises upon such terms as to it seem fit and for a term which may expire either before or after the expiration date of this Lease.

Article 11

DESTRUCTION OF PREMISES

If the premises or the building are rendered totally untenantable by fire or other casualty, Lessor may elect (a) to terminate this Lease as

of the date of the fire or other casualty by notice to Lessee within thirty (30) days after that date; or (b) to repair, restore, or rehabilitate the building or the premises at Lessor's expense within one hundred twenty (120) days after Lessor is enabled to take possession of the damaged premises and to undertake the repairs, restoration and rehabilitation, in which latter event the term of the Lease shall not terminate but rental hereunder shall be abated on a per diem basis while the premises are untenantable. If Lessor elects so to repair, restore, or rehabilitate the building or premises, and does not substantially complete the work within the 120-day period, due allowance being made for any prevention of Lessor's so doing by reason of practical impossibility, Lessee may terminate this Lease as of the date of the fire or other casualty by notice to the Lessor not later than one hundred thirty (130) days after Lessor is enabled to take possession of the injured premises and to undertake the repairs, restoration, and rehabilitation. In the event of termination of this Lease pursuant to this section, rental shall be apportioned on a per diem basis and be paid to the date of the fire or other casualty. If the premises are partially destroyed and are partially tenantable, then Lessor shall, as soon as practically possible, repair the partial destruction. During the period of repair, rental shall be abated in proportion that the unusable area bears to the total area leased.

Article 12

CONDEMNATION

If the whole of the premises hereby leased shall be taken by any public authority under the power of eminent domain, then the term of this Lease shall

cease as of the day possession is taken by such public authority and the rent shallbe paid up to that date. If only a part of the leased premises shall be taken under eminent domain and the remainder of the leased premises not so taken can be made tenantable for the purposes for which Lessee has been using the premises, and access and parking benefits hereof be not thereby substantially impaired, then this Lease shall continue in the full force and effect as to the remainder of said premises and all of the terms herein provided shall continue in effect, except that rent shall be reduced in proportion to the amount of the premises taken, and Lessor, at its own cost and expense, shall make all necessary repairs and alterations to the leased premises required by such taking; provided, however, that if more than fifty per cent (50%) of the floor area of the building in which the premises are located, or more than twenty-five per cent (25%) of the parking and common areas of the Shopping Center shall be taken under power of eminent domain, either party may, by written notice to the other delivered on or before the date of surrendering possession to the public authority, terminate this Lease. All damages awarded for such taking shall belong to and be the exclusive property of Lessor whether such damages shall be awarded as compensation for diminution in the value of the leasehold or to the fee of the premises. Provided Lessee shall not be in default hereunder, Lessor shall reimburse Lessee from said award to reimburse Lessee for cost of removal of stock and fixtures.

Article 13

LIENS AND INSOLVENCY

Lessee shall keep the leased premises and the property in which the leased premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by Lessee. In the event Lessee becomes insolvent, voluntarily or involuntarily bankrupt,

or if a receiver, assignee, or other liquidating officer is appointed for the business of the Lessee, then the Lessor may cancel this Lease at Lessor's option.

Article 14.

OPTION TO EXTEND

Provided Lessee shall have performed and shall continue to perform all terms, covenants and conditions of this lease, Lessee shall have the right and option, exercisable by the giving of written notice to Lessor no later than 180 days prior to the end of the basic term, to extend the terms of this Sublease for one (1) five (5) year period. The ground rental for such extended term, which Lessee covenants to pay, shall be computed in relation to rental payable by Lessor over such extended term under the terms of Section 2 of said Columbia Center Agreement of Lease, increased by 7% thereof. In addition, Lessee shall pay such further sum as the parties shall, by negotiation, establish and determine. In fixing this additional rental, consideration shall be given to the fact that Lessee has enjoyed a very favorable rental during the first three years of this lease. The rental shall be payable in equal monthly installments, each payable in advance, on or before the fifth day of each calendar month throughout the extended term.

Article 15.

NOTICES

Notices and demands shall be forwarded by registered mail, postage prepaid to:

Lessor: King County Building Co.
PO Box 3966
Seattle, Washington 98124

Lessee: Columbia Center National Bank

subject to the right of either party to designate by notice in writing any new address to which notices, demands and installments of rental may be sent.

Article 16

MISCELLANEOUS

The waiver of either party of any of the covenants herein contained shall not be deemed a waiver of such party's right to enforce the same or any other covenant contained herein. The rights and remedies given to the parties hereunder shall be in addition to, and not in lieu of, any right or remedy as provided by law.

If Lessee shall hold the premises beyond the term herein specified, or any renewal thereof, with the consent, expressed or implied, of Lessor, such holding over shall be construed to be a month-to-month tenancy, subject to all the terms, conditions, and obligations of this Lease unless otherwise mutually agreed upon in writing.

The article headings shall not be deemed to contain all the subject matter nor be considered in the interpretation thereof, it being understood that the article headings are for convenience and not for the purpose of interpretation.

In the event of any controversy, the laws of the State of Washington and of the City and County in the State of Washington in which the premises are located, applicable to such controversy, shall prevail.

This Lease or any part thereof is not to be construed as a joint enterprise, a partnership, or any other relationship except that of Lessor and Lessee..

This Lease shall apply to and bind the heirs, executors, administrators, successors and assigns of all of the parties hereto.

It is agreed that all moneys due Lessor shall bear interest at the rate of 10% per annum after the due date specified in the Lease.

unless without fault of the Lessee the determination of such amount is delayed and in which case such interest rate shall be 6% per annum.

No modification of this Lease shall be binding unless evidenced by an agreement in writing signed by each of the parties hereto.

Lessor and Lessee agree to execute a short form of Lease for recording.

Article 17

REMOVAL OF LESSEE'S PROPERTY

The Lessee may at the termination of this Lease, remove all furniture, furnishings, vault doors, cabinets and counters, and in general all trade and other fixtures and equipment installed by it in or upon the demised premises, subject to the obligation to restore and return the premises as in Article 7 provided.

IN WITNESS WHEREOF, the parties have hereunto set hand and seal the day and year first hereinabove written.

KING COUNTY BUILDING CO.

By Andrew Price, Jr.
Its President

Attest: Kenneth J. Clark
Its Secretary

LESSOR

COLUMBIA CENTER NATIONAL BANK

By
Its

Attest
Its

LESSEE

STATE OF WASHINGTON)
) ss
COUNTY OF K I N G)

On this _____ day of September, 1968, before me personally appeared Andrew Price, Jr. and Kenneth J. Clark, to me known to be the President and Secretary of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

_____
Notary Public in and for the State of Washington residing at Seattle.

STATE OF WASHINGTON)
Benton)
COUNTY OF ~~K I N G~~)

On this 15th day of November, 1968, before me personally appeared _____ and _____ to me known to be the _____ and _____ of the national banking association that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said association, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the seal of the said national banking association.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

_____
Notary Public in and for the State of Washington residing at Seattle.

EXHIBIT "A-1"

Columbia Center National Bank Site

That portion of the east half of the northeast quarter of section 31, township 9 north, range 29 east, W.M. described as follows:

Beginning at the northeast corner of said section 31; thence north 89°24'30" west along the north line thereof 232.88 feet to a point on the west right of way line of Colorado Street; thence south 2°15'30" west along said right of way line 948.97 feet to the TRUE POINT OF BEGINNING; thence continuing south 2°15'30" west along said right of way line 150.26 feet; thence south 8°33' 00" east along said right of way line 86.27 feet; thence north 87°44'30" west 236.18 feet; thence north 2°15'30" east 247.00 feet; thence south 87°44'30" east 105.00 feet to a point of curve; thence along the arc of a 36.33 foot radius curve to the right 21.18 feet to a point of reverse curve; thence along the arc of a 36.33 foot radius curve to the left 21.18 feet to a point of tangency; (the total long chord of said reverse curve bears south 71°02'43" east 41.76 feet;) thence south 87°44'30" east 75.00 feet to the TRUE POINT OF BEGINNING.

Containing 1.237 Acres

Attached to and forming part of Sublease dated September 11, 1968, by and between KING COUNTY BUILDING CO., as Lessor, and COLUMBIA CENTER NATIONAL BANK, as Lessee, concerning certain premises situated in Columbia Center, Kennewick, Washington.

Initialed by Lessor:

By:_____

By:_____

Initialed by Lessee:

By:_____

By:_____

GX K-79-c

Price Dep. Ex. 6

S U B L E A S E

THIS LEASE, executed this 11th day of September, 1968, by and between KING COUNTY BUILDING CO., a Washington corporation, hereinafter referred to as "Lessor", and COLUMBIA CENTER NATIONAL BANK, a national banking association, hereinafter referred to as "Lessee";

W I T N E S S E T H :

That Lessor, in consideration of the rent herein specified to be paid by Lessee, and the covenants and conditions herein mentioned, does hereby sublet unto Lessee, and Lessee does hereby rent from Lessor, the real property described in Exhibit A-1 hereto and outlined in red on the plot plan of the Shopping Center hereto attached as Exhibit "A", together with the building and appurtenances to be erected thereon as hereinafter more specifically provided, all of which shall hereinafter be referred to as "The Premises".

TO HAVE AND TO HOLD the same unto Lessee, its successors and assigns for the period and upon the terms and conditions hereinafter set forth.

Article 1

TERM

The term of this lease shall be for a period of five (5) years, commencing on the day the building to be constructed on the premises opens for business to the general public, but in any event this Lease shall commence no later than thirty (30) days after said building and improvements are completed and Lessee has been tendered exclusive possession of the premises.

When the exact dates of the lease term are determined, a short form of Lease will be executed for recording indicating the actual commencement and termination dates.

Article 2.

RENTAL

As rental for the premises for the first three years of this lease, Lessee agrees to pay the ground rental for the demised premises in the monthly amount which is payable during the term hereof by Lessor as rental under Section 4 of "Columbia Center Agreement of Lease", described in Article 3 hereof, with rental for partial months constituting the first and final month of the term to be pro-rated. Rental hereunder shall be payable in advance on or before the 5th day of each month.

At the termination of the third year of this lease and commencing with the fourth and continuing through the fifth year, Lessee agrees to pay, as improvement rental, similarly in equal monthly installments, an annual sum equal to seven per cent (7%) of the cost of construction of the building and on-site improvements, more particularly hereinafter referred to. Cost of construction shall include, without limitation, all site preparation, permits, insurance during course of construction, amounts payable to contractors, all legal, engineering and architectural fees, plus applicable sales tax, and in general all costs directly related and incurred in connection

with the construction by Lessor of the improvements herein provided for. Cost of construction shall not include work to be done and paid for by Lessee.

Article 3

USE

It is understood and agreed between the parties hereto that the premises during the term of this lease may be used and occupied only for carrying on the business of banking and for no other purpose or purposes whatsoever.

Article 4

TAXES AND UTILITY CHARGES

Lessee shall pay for all water, heat, gas, electricity, sewage, garbage service and other utilities and services consumed or used by Lessee in connection with Lessee's occupancy of the demised premises.

Lessee shall pay all taxes and assessments on all personal property and trade fixtures owned by Lessee in the demised premises.

Lessee agrees to pay as additional rental, all real property taxes and L.I.D. assessments on the demised premises which accrue during the term of this lease or any renewals thereof; provided, however, taxes shall be prorated for any year in which this Lease commences or terminates. In the case of assessments Lessee shall only be liable to Lessor for those installments falling due during the term hereof. Lessor shall present statements to Lessee, and Lessee shall pay the charges herein described, prior to delinquency.

The parties agree to cooperate as reasonably requested in any protest or contest as to the amount of taxes or assessments payable,

provided the Lessor shall be held harmless by Lessee from all loss, damage, cost and expense attendant upon contest during the term of this Lease.

Article 5

IMPROVEMENTS

Unless delayed by causes beyond its control, Lessor will on or before June 1, 1969, at its cost and expense construct on the demised premises a building and other improvements in accordance with plans and specifications which have been submitted to and approved by Lessee.

Lessee shall by October 30, 19 68, provide Lessor with a floor plan showing exact location of trade fixtures, plumbing and electrical fixtures and other information necessary for completion of improvements on the demised premises.

The work to be done by Lessor and the work to be done by Lessee is outlined in the schedule attached hereto and marked Exhibit "B" and by this reference made a part hereof.

All work undertaken by Lessee shall be at Lessee's expense, and shall not damage the building or any part thereof.

Work undertaken by Lessee and at Lessee's own expense during the general construction shall be awarded to Lessor's contractor, unless Lessor shall otherwise agree in writing.

The design of all work and installation undertaken by Lessee shall be subject to the approval of Lessor's architect or supervising engineer, and shall not be commenced until such approval is obtained. Such approval shall not be unreasonably withheld.

The construction contract(s) with the contractor(s) selected for the work to be done by Lessor shall be approved by Lessee prior to its execution by Lessor.

In the event of the inability of Lessor to deliver possession of the premises, or any portion thereof, as herein provided, by reason of any cause beyond the control of Lessor, or of Lessor's contractor, Lessor shall not be liable for any damage caused thereby, nor shall this lease thereby become void or voidable, but in any event, Lessee shall not be liable for any rent hereunder until such time as Lessor can deliver possession.

Article 6

ALTERATIONS

Lessee shall have the right to make such adaptation of the interior of the premises as it shall desire for the proper and efficient operation of it's business; provided, however, that all such adaptation shall be at the sole cost and expense of Lessee, and provided no structural alterations or changes shall be made without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Such changes and alterations shall conform with building codes and zoning regulations now or hereinafter legally effective and promulgated by the state, county, or municipal authorities and shall be done in a first-class workmanlike manner. All structural alterations or changes shall become the property of Lessor. At the end of the term of this Lease or of any renewals thereof, Lessee shall restore the floor and walls of the demised building to the condition in which they were at the beginning of the Lease term, damage by fire, elements, earthquake, act of God, war, riot, reasonable wear and tear and other causes beyond Lessee's control excepted.

The parties contemplate that, during the term of the Lease, Lessee may require additional space for its banking operations on the demised premises and in such event, Lessee shall notify Lessor in writing

of its desire for same. Design, plans and specifications shall be subject to Lessor's approval, and shall be prepared by an Architect, and construction carried out by a Contractor, satisfactory to both parties. Contracts shall be let in Lessor's name, and at Lessor's cost, but the construction contract shall be subject to Lessee's advance approval.

Upon completion of the enlargement, the Lessee agrees to pay as increased improvement rental an additional annual sum equal to seven per cent (7%) of the cost of the enlargement, such additional rental to be payable in equal monthly installments. Cost of enlargement shall be determined in the same manner as is hereinbefore in Article 5 provided.

Article 7

REPAIRS

Lessee will at all times keep the premises neat, clean and in a sanitary condition, and will replace glass of any and all windows and doors as may become cracked or broken, and except for reasonable wear and tear and damage by fire or other unavoidable casualty, will at all times preserve said premises in good repair. All such repairs shall be at Lessee's cost. Lessee agrees that at the expiration of this Lease, Lessee will quit and surrender the said premises without notice and in a neat and clean condition and will deliver all keys belonging to said premises to Lessor.

Lessee covenants: that no waste or damage shall be committed upon or to the premises; that the premises shall be used for only the purpose hereinabove stated; that said premises shall not be used for

any unlawful purpose; and that no violations of law or ordinance or duly constituted authority shall be committed in, on, or about the premises.

Throughout said term, Lessee agrees that it will:

(a) Take good care of the premises, fixtures, and appurtenances and all alterations, additions, and improvements to same, whether installed by Lessor or Lessee.

(b) Make all repairs and replacements in and about the premises necessary to preserve them in good order and condition, which repairs and replacements shall be equal in quality to the original work.

(c) Promptly pay the expense of such repairs and replacements.

(d) Keep all drainage pipes free and open, and protect water, heating and other pipes so that they will not freeze or become clogged.

(e) Repair all leaks, and repair all damages caused by leaks or by reason of Lessee's failure to protect and keep free, open and unfrozen any of the pipes and plumbing on said premises.

(f) Be responsible for and bear the cost of the removal of ice and snow from the roof and from the sidewalk in front of and about said premises.

(g) Give prompt notice to Lessor of any damage that may occur.

(h) In general, timely observe and perform and see to the timely observance and performance of, and to be at all times bound by, the terms, covenants and conditions of the following sections as applicable to the "Tenant" under that certain "Columbia Center Lease" dated the 11th day of September, 1963, by and between REALBON CORPORATION, a Washington corporation, as "Landlord" and Lessor herein as "Tenant", to-wit, Sections 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 20, 21, 22, 24 and 25 (last paragraph) thereof, and to indemnify and hold harmless the Lessor by reason of any failure to so do.

Reciprocally, subject to the foregoing, Lessee shall have the right to enjoy the rights herein granted and also the benefits of Sections 5, 11, 12, 16, 23, 24, 30, 31 and 32 of said Columbia Center Lease.

Lessor agrees on its part to pay the basic rental stipulated in Section 4 of said Columbia Center Lease, and in general acknowledges its ultimate responsibility to the Landlord thereof for the performance of all terms, covenants and conditions of said Columbia Center Lease. It is understood, however, that the parties hereto intend that the excess of ground rental hereunder over said Section 4 rental, and all the improvement and enlargement rental, shall be on a net-net-net basis to Lessor during the term of this sublease and if the Lessor shall incur any expense with respect to the premises, which expense is not attributable to Lessor's own default, and is in connection with any matters not expressly made the Lessor's responsibility under the terms of this Lease, then Lessee agrees to reimburse the same to Lessor on demand, and in general to hold Lessor fully harmless in the premises.

Article 8

LIABILITY
FIRE INSURANCE

Lessor shall provide and pay for fire and extended coverage insurance upon Lessor's building on the demised premises. Lessee shall reimburse Lessor for all premiums as additional rental upon delivery to it of evidence of premiums paid.

Lessee agrees to hold Lessor harmless and indemnify Lessor from and against any and all claims for damages due to injuries to or death of persons, or damage to property, while in, on, or about the demised premises.

During the term of this Lease, Lessee agrees to keep its fixtures and merchandise adequately covered by fire and extended coverage insurance, and both parties hereto on behalf of themselves and their

respective insurers, relieve each other from liability for negligent acts or omissions causing loss covered by insurance and hereby waive any and all subrogation rights with respect to any such insurance.

Article 9

RIGHT TO ENTER

Lessor, and its agents and workmen, may at all reasonable times enter upon the demised premises to inspect or make any repairs to same as Lessor deems necessary for the protection or preservation of the building and appurtenances; provided, however, this article shall not be deemed a covenant to repair.

Article 10

DEFAULT AND RE-ENTRY

If Lessee shall default in the payment of rent or performance of any of the other covenants and agreements herein contained, then the Lessor may after reasonable notice and opportunity to remedy default cancel this Lease upon giving the notice required by law, and re-enter said premises. Notwithstanding such re-entry by the Lessor, the liability of the Lessee for the rent provided for herein shall survive for the balance of the term, and Lessee agrees to pay to Lessor any deficiency arising from reletting the premises at lesser rental than herein agreed. The Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Lessor. In case of such re-entry, the Lessor may relet the demised premises upon such terms as to it seem fit and for a term which may expire either before or after the expiration date of this Lease.

Article 11

DESTRUCTION OF PREMISES

If the premises or the building are rendered totally untenantable by fire or other casualty, Lessor may elect (a) to terminate [illegible]

of the date of the fire or other casualty by notice to Lessee within thirty (30) days after that date; or (b) to repair, restore, or rehabilitate the building or the premises at Lessor's expense within one hundred twenty (120) days after Lessor is enabled to take possession of the damaged premises and to undertake the repairs, restoration and rehabilitation, in which latter event the term of the Lease shall not terminate but rental hereunder shall be abated on a per diem basis while the premises are untenantable. If Lessor elects so to repair, restore, or rehabilitate the building or premises, and does not substantially complete the work within the 120-day period, due allowance being made for any prevention of Lessor's so doing by reason of practical impossibility, Lessee may terminate this Lease as of the date of the fire or other casualty by notice to the Lessor not later than one hundred thirty (130) days after Lessor is enabled to take possession of the injured premises and to undertake the repairs, restoration, and rehabilitation. In the event of termination of this Lease pursuant to this section, rental shall be apportioned on a per diem basis and be paid to the date of the fire or other casualty. If the premises are partially destroyed and are partially tenantable, then Lessor shall, as soon as practically possible, repair the partial destruction. During the period of repair, rental shall be abated in proportion that the unusable area bears to the total area leased.

Article 12

CONDEMNATION

If the whole of the premises hereby leased shall be taken by any public authority under the power ominent domain, then the term of this Lease shall

cease as of the day possession is taken by such public authority and the rent shallbe paid up to that date. If only a part of the leased premises shall betaken under eminent domain and the remainder of the leased premises not so taken can be made tenantable for the purposes for which Lessee has been using the premises, and access and parking benefits hereof be not thereby substantially impaired, then this Lease shall continue in the full force and effect as to the remainder of said premises and all of the terms herein provided shall continue in effect, except that rent shall be reduced in proportion to the amount of the premises taken, and Lessor, at its own cost and expense, shall make all necessary repairs and alterations to the leased premises required by such taking; provided, however, that if more than fifty per cent (50%) of the floor area of the building in which the premises are located, or more than twenty-five per cent (25%) of the parking and common areas of the Shopping Center shall be taken under power of eminent domain, either party may, by written notice to the other delivered on or before the date of surrendering possession to the public authority, terminate this Lease. All damages awarded for such taking shall belong to and be the exclusive property of Lessor whether such damages shall be awarded as compensation for diminution in the value of the leasehold or to the fee of the premises. Provided Lessee shall not be in default hereunder, Lessor shall reimburse Lessee from said award to reimburse Lessee for cost of removal of stock and fixtures.

Article 13

LIENS AND INSOLVENCY Lessee shall keep the leased premises and the property in which the leased premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by Lessee. In the event Lessee becomes insolvent, voluntarily or involuntarily bankrupt,

or if a receiver, assignee, or other liquidating officer is appointed for the business of the Lessee, then the Lessor may cancel this Lease at Lessor's option.

Article 14.

OPTION TO EXTEND

Provided Lessee shall have performed and shall continue to perform all terms, covenants and conditions of this lease, Lessee shall have the right and option, exercisable by the giving of written notice to Lessor no later than 180 days prior to the end of the basic term, to extend the terms of this Sublease for one (1) five (5) year period. The ground rental for such extended term, which Lessee covenants to pay, shall be computed in relation to rental payable by Lessor over such extended term under the terms of Section 2 of said Columbia Center Agreement of Lease, increased by 7% thereof. In addition, Lessee shall pay such further sum as the parties shall, by negotiation, establish and determine. In fixing this additional rental, consideration shall be given to the fact that Lessee has enjoyed a very favorable rental during the first three years of this lease. The rental shall be payable in equal monthly installments, each payable in advance, on or before the fifth day of each calendar month throughout the extended term.

Article 15.

NOTICES

Notices and demands shall be forwarded by registered mail, postage prepaid to:

Lessor: King County Building Co.
PO Box 3966
Seattle, Washington 98124

Lessee: Columbia Center National Bank
P. O. Box 6068, Kennewick, Washington 99336

subject to the right of either party to designate by notice in writing any new address to which notices, demands and installments of rental may be sent.

Article 16

MISCELLANEOUS

The waiver of either party of any of the covenants herein contained shall not be deemed a waiver of such party's right to enforce the same or any other covenant contained herein. The rights and remedies given to the parties hereunder shall be in addition to, and not in lieu of, any right or remedy as provided by law.

If Lessee shall hold the premises beyond the term herein specified, or any renewal thereof, with the consent, expressed or implied, of Lessor, such holding over shall be construed to be a month-to-month tenancy, subject to all the terms, conditions, and obligations of this Lease unless otherwise mutually agreed upon in writing.

The article headings shall not be deemed to contain all the subject matter nor be considered in the interpretation thereof, it being understood that the article headings are for convenience and not for the purpose of interpretation.

In the event of any controversy, the laws of the State of Washington and of the City and County in the State of Washington in which the premises are located, applicable to such controversy, shall prevail.

This Lease or any part thereof is not to be construed as a joint enterprise, a partnership, or any other relationship except that of Lessor and Lessee.

This Lease shall apply to and bind the heirs, executors, administrators, successors and assigns of all of the parties hereto.

It is agreed that all moneys due Lessor shall bear interest at the rate of 10% per annum after the due date specified in the Lease.

unless without fault of the Lessee the determination of such amount is delayed and in which case such interest rate shall be 6% per annum.

No modification of this Lease shall be binding unless evidenced by an agreement in writing signed by each of the parties hereto.

Lessor and Lessee agree to execute a short form of Lease for recording.

Article 17

REMOVAL OF LESSEE'S PROPERTY

The Lessee may at the termination of this Lease, remove all furniture, furnishings and in general all trade and other fixtures and equipment installed by it in or upon the demised premises, subject to the obligation to restore and return the premises as in Article 7 provided.

IN WITNESS WHEREOF, the parties have hereunto set hand and seal the day and year first hereinabove written.

KING COUNTY BUILDING CO.

By: _____
its President

Attest: _____
its Secretary

COLUMBIA CENTER NATIONAL BANK

By: _____
its Chairman of the Board

Attest: _____
its Secretary

STATE OF WASHINGTON)
) ss
County of King)

On this 21st day of April 1969, before me personally appeared Andrew Price, Jr., and Kenneth J. Clark, to me known to be the President and Secretary of the corporation that executed the within and foregoing instrument, and acknowledge said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

Notary Public in and for the State of Washington, residing at _____

STATE OF WASHINGTON)
) ss
County of Benton)

On this 24th day of April 1969, before me personally appeared Dean W. Loney and Harold K. Norrobin, to me known to be the Chairman of the Board and Secretary of the national banking association that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said association, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the seal of the said national banking association.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

Notary Public in and for the State of Washington, residing at Kennewick.

EXHIBIT "A-1"

Columbia Center National Bank Site

That portion of the east half of the northeast quarter of section 31, township 9 north, range 29 east, W.M. described as follows:

Beginning at the northeast corner of said section 31; thence north 89°24'30" west along the north line thereof 232.36 feet to a point on the west right of way line of Colorado Street; thence south 2°15'30" west along said right of way line 943.97 feet to the TRUE POINT OF BEGINNING; thence continuing south 2°15'30" west along said right of way line 150.26 feet; thence south 8°33' 00" east along said right of way line 66.27 feet; thence north 37°44'30" west 236.18 feet; thence north 2°15'30" east 247.00 feet; thence south 87°44'30" east 105.00 feet to a point of curve; thence along the arc of a 36.33 foot radius curve to the right 21.18 feet to a point of reverse curve; thence along the arc of a 36.33 foot radius curve to the left 21.18 feet to a point of tangency; (the total long chord of said reverse curve bears south 71°02'43" east 41.76 feet;) thence south 87°44'30" east 75.00 feet to the TRUE POINT OF BEGINNING.

Containing 1.237 Acres

Attached to and forming part of Sublease dated September 11, 1968, by and between KING COUNTY BUILDING CO., as Lessor, and COLUMBIA CENTER NATIONAL BANK, as Lessee, concerning certain premises situated in Columbia Center, Kennewick, Washington.

Initialed by Lessor:

By: _____

By: _____

Initialed by Lessee:

By: _____

By: _____

GX K-80

NATIONAL BANK OF COMMERCE OF SEATTLE

COPY

July 17, 1968

Mr. Dean W. Loney, Agent
Columbia Center National Bank
P. O. Box 6125
Kennewick, Washington 99336

Dear Dean:

This will confirm our telephone conversation and act as a memorandum to our own file.

By telephone yesterday, Mr. Hensel in Mr. Leaf's office confirmed an appointment for us at 10:00 the morning of July 23, 1968 at Mr. Leaf's office in Portland. I will meet you at the airport at 8:40 when my United Air Lines flight gets in from Seattle. I have made a reservation for you and for me on United Air Lines Flight No. 141 leaving Portland at 12:35 p.m. So, you can buy your ticket from Pasco to Portland via Air West, to Seattle via United and from Seattle to Pasco again by Air West.

Mr. Hensel confirms that under the authorization of the second paragraph in Mr. DeShazo's letter to you dated July 12, 1968, confirming the existence of the bank, it is now in order to pay Mr. Bort Fields his fee. It is my understanding you will advance these funds pending payment for shares subscribed in the new bank as, to date, it has no funds of its own.

I will see you Tuesday morning, and we can then return to Seattle to confer with Mr. Aberafeller and others here with respect to the remainder of our "challenges."

All good wishes, cordially,

Robert F. Buck
Senior Vice President

RFB:ws

GX K-81

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP H. RAEKES
JOHN T. ROPSON, JR.

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6128
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

AREA CODE 509
TELEPHONE 582-2101

July 17, 1968

Robert F. Buck
Senior Vice President
National Bank of Commerce of Seattle
PO Box 3966
Seattle, Washington 98124

Re: Columbia Center National Bank

Dear Bob:

As the result of a conference with Jim Rightmire of the Richland branch of NBC, the following names have been suggested as potential stockholders of the Columbia Center National Bank:

Dr. Charles Harrington
Douglas United

Mr. Stewart Koepcke
Finance Officer, Douglas United

Tom Leddy
ITT Support Services

Harold Leone
Computer Sciences

Homer Spencer
Insurance Agent

Ira Dunne
J.A. Jones Construction Company.

Yours very truly,

LONEY, WESTLAND & RAEKES

By: [signature]

DWL/bdc

cc: Jim Rightmire
Lyle Beavers

GX K-82

NATIONAL BANK OF COMMERCE OF SEATTLE

COPY

July 25, 1968

Mr. Dean W. Loney, Agent
Columbia Center National Bank
P. O. Box 6125
Kennewick, Washington 99336

Dear Dean:

An invitation has been extended to Mr. Carrington verbally, but he is not certain he can get away and will be in further touch with me before the meeting.

Have you had any luck on the answers to how a lease obligation is considered by the Comptroller's Department?

We have some good applications for manager to consider in due course.

Cordially,

R. F. Buck
Senior Vice President

RFB:ws

P.S. We haven't checked with Mr. Stowell or Mr. Carrington but everyone else is willing to fly with you! Thanks for your helpful suggestion. We will arrive in Yakima on Flight #524 at 1:39 p.m.

GX K-83

Last Page Pro forma
Page 3 List Costs + expenses

OFFERING CIRCULAR

2,500 Shares

COLUMBIA CENTER NATIONAL BANK
(Organizing)
300 West Kennewick Avenue, Kennewick, Washington

CAPITAL STOCK
($100 Par Value)

THE ISSUANCE OF THESE SECURITIES IS SUBJECT TO THE APPROVAL OF AND THE REGULATIONS OF THE COMPTROLLER OF THE CURRENCY OF THE UNITED STATES

The Officers and Directors designated on page 4 herein are subject to change upon order by the Comptroller of the Currency

	Subscription Price	Underwriting Commissions	Proceeds to Bank (1)
Per Share	$180	None	$180
Total	$450,000	None	$450,000

(1) After deduction of the organization expenses of the bank and the expenses of this offering payable by the bank, estimated at $_____.

The date of this Offering Circular is August ___, 1968.

OFFERS TO SUBSCRIBERS

The Columbia Center National Bank ("the Bank") is hereby soliciting offers from subscribers for 2,500 shares of its capital stock. The issuance of the stock is subject to the approval of the Comptroller of the Currency and subscriptions will be accepted until 5:00 p.m. on the expiration date, October 10, 1968. It is anticipated that the bank will commence operations on or about April 10, 1969.

METHOD OF SUBSCRIBING

Subscriptions may be made by completing and signing the subscription form enclosed herein and delivering it together with the subscription price to the Columbia Center National Bank - (Organizing) 300 West Kennewick Avenue, Kennewick, Washington. The Bank reserves the right to reject any offer to subscribe in whole or in part in its own discretion or to cancel accepted subscription offers until the date it commences operations at the direction of the Comptroller of the Currency. The subscription price must be paid in United States dollars by cash, check, bank draft or money order drawn to the order of the Bank. Shares of stock duly subscribed and paid for will be issued upon acceptance by the Bank as soon as practicable after the Bank opens for business.

USE OF PROCEEDS

The Bank intends to use the $450,000 (less organization expenses) of net proceeds it will receive if all of the shares offered hereby are sold in the following manner:

Approximately, $_____ of that amount will be used for the salaries of officers and other employees; $_____ for the acquisition of furniture, office machines and fixtures; $_____ for rent; $_____ for insurance and taxes; and the remaining $_____ will be used for the general corporate purposes of the Bank.

BUSINESS OF THE BANK

Upon commencement of business, the Bank intends to engage in the general commercial banking business throughout the greater Kennewick area. Consequently, it will receive deposits, make loans, issue drafts, etc. The Bank has no present intention of applying for permission to operate a trust department.

MANAGEMENT AND PERSONNEL

The following are the organizers and presently proposed directors and executive officers of the Bank. The Comptroller of the Currency has the authority to disallow any of the persons listed herein from assuming his designated position.

Name	Address	Position to be Held in the Bank
Dean W. Loney	300 W. Kennewick Avenue Kennewick, Washington	Chairman of the Board, Director and Organizer
Ralph J. Stowell	Route 2, Box 791 Vashon, Washington	Consultant to the Board and Organizer
Wilbur H. McGuire	115-100 NE Apt. 307 Bellevue, Washington	Director and Organizer
F. M. Cochrane	406 N. Underwood Kennewick, Washington	Director and Organizer
Frederick W. Albaugh	2534 Harris Richland, Washington	Director and Organizer
Gerald E. Horrobin	509 Road 49 Pasco, Washington	Secretary, Director and Organizer
Glenn N. Felton	503 W. Kennewick Avenue Kennewick, Washington	Director and Organizer
Willard E. Matheson	1808 Riverside Drive Richland, Washington	Director and Organizer

Principal Occupation During Past 10 Years

Mr. Dean W. Loney for the past ten years has engaged in the private practice of law in Kennewick, Washington.

Mr. Ralph J. Stowell for the past ten years has served as Executive Vice President of the National Bank of Commerce of Seattle and now serves on the Board of Directors of the National Bank of Commerce of Seattle. He has agreed to serve as a consultant to the Board of Directors of the Columbia Center National Bank and a copy of the agreement has been furnished to the Comptroller of the Currency for approval.

Mr. Wilbur H. McGuire is a retired Vice President of the Head Office of the National Bank of Commerce of Seattle and

has been employed by the National Bank of Commerce of Seattle for the past ten years. In prior years he served as manager of the Yakima Branch and the Central Branch of the National Bank of Commerce of Seattle.

Mr. P. M. Cochrane for the past eight years has served as Vice President and Managing Officer of HUICO, Inc., a fabrication company in Pasco, Washington, specializing in fabrication and construction of piping for nuclear reactors. During the fifteen years or more before this he was a Superintendent and Managing Officer for L. H. Hoffman Construction Company.

Remuneration

No person will individually receive in excess of $25,000 per year from the bank during its first year of operation.

At present, management has no plans for the institution of any bonus, retirement or pension plan.

Certain Transactions

There are no existing or proposed material interests or transactions between the Bank and any of its organizers, directors or officers outside the ordinary course of banking business.

PRINCIPAL SECURITY HOLDERS

The name, address and relationship to the Bank of those persons who will beneficially own at least 10% of the outstanding stock of the Bank upon completion of this offering are: None.

If all the capital stock offered hereby is sold, members of the investing public will hold 60% of the outstanding stock and the remaining 40% will be held, as a group, by organizers, directors and principal officers of the Bank.

CAPITAL STOCK

The authorized capital stock of the Bank consists of one class of 2,875 shares. Each share has the same rights, privileges and preferences as every other share, is entitled to one vote at any meeting, and will share equally upon

liquidation, dissolution or winding up. The capital stock has no conversion or redemption rights or sinking fund provisions applicable thereto. All of the shares offered hereby will, when issued, be fully paid and non-assessable except as qualified below and each share will share equally in dividends, which are payable when and as declared by the Board of Directors out of funds legally available therefor.

Cumulative Voting

All voting rights are vested in the holders of the capital stock, which has cumulative voting rights in the election of directors. The National Bank Act provides that a shareholder of a national bank has the right to vote the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate such shares and give one candidate as many votes as the number of directors multiplied by the number of his shares shall equal, or to distribute them on the same principle among as many candidates as he shall think fit.

Other Matters

Holders of the capital stock have preemptive rights to subscribe for additional shares when offered for sale by the Bank, except for shares sold under its qualified stock option plan. Shareholders are not subject to personal double liability which at one time was applicable to the stock of national banks. However, The National Bank Act still retains a provision authorizing a pro rata assessment of shareholders

to cover any impairment of capital; assessments to be enforced only by sale, to the extent necessary, of the stock of any assessed shareholder failing to pay his assessment.

LEGAL PROCEEDINGS

There are no pending or threatening legal proceedings to which the Bank is a party or of which any of its property is the subject.

FINANCIAL STATEMENTS

The Columbia Center National Bank, Kennewick, Washington: Pro Forma Statement of Financial Condition as of April 10, 1969. (Contemplated date business will be commenced)

ASSETS

Cash	$
Due From Banks	
United States Government Securities - at amortized cost and accrued interest	
Bank Premises	
Furniture and Fixtures	
Leaseholds	
Other Assets	
Total	$450,000

LIABILITIES

Other Liabilities	$

STOCKHOLDERS' EQUITY

Capital Stock: (Par Value $100 per share)	
Authorized: 2,875 shares	
Issued and outstanding: 2,500 shares	$250,000
Surplus	125,000
Undivided Profits	75,000
Total	$450,000

Notes:

Organization expenses are estimated at	$
Income from investments prior to opening is estimated at	$

NATION BANK OF COMMERCE OF SEATTLE

COPY

November 18, 1968

Mr. Dean W. Loney
Attorney at Law
Loney, Westland, Koontz & Raekes
300 W. Kennewick Ave
Kennewick, Washington

Dear Dean:

Glen Carrington called me today to request that you consider allocating some of the capital stock of the Columbia Center National Bank to Mr. Glen Franklin and Mr. Harold Christianson, two Alaska acquaintances of his who own property and live in the tri-cities area.

He feels both of them would be good producing stockholders for the new bank. He's been told that no stock has yet been issued but that a list of stockholders has been prepared and that it may be difficult to find anything available. But Mr. Franklin would like to speak to you in any event and it may be that some of those on our list will not come through so I've given Mr. Carrington your name so that he can pass it along to Franklin and Christianson and you'll probably hear from them.

Glad that the job of finding the right man to head the bank seems to be almost ended at long last. I think he'll do a good job for you. All good wishes.

Cordially,

RFK

GX K-84-b

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP H. RAEKES
JOHN T. ROBSON, JR.

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 6125
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

AREA CODE 509
TELEPHONE 582-2101

November 20, 1968

Robert F. Buck
Senior Vice President
National Bank of Commerce of Seattle
PO Box 3966
Seattle, Washington

Re: Columbia Center National Bank

Dear Bob:

Thanks for your note of November 18 expressing the interest of Mr. Glen Franklin and Mr. Harold Christianson in the stock for the bank.

There is no reason in the world why we can't accommodate these men and I will look forward to hearing from them.

Yours very truly,

LONEY, WESTLAND & RAEKES

DWL/bdc

By:

GX K-85-a

FEB 7 1969

LONEY, WESTLAND & RAEKES
ATTORNEYS AT LAW
P. O. BOX 8125
300 WEST KENNEWICK AVENUE
KENNEWICK, WASHINGTON 99336

DEAN W. LONEY
JOHN A. WESTLAND
PHILIP M. RAEKES
JOHN T. ROBSON, JR.

AREA CODE 509
TELEPHONE 582-2181

February 6, 1969

National Bank of Commerce of Seattle
PO Box 3966
Seattle, Washington 98124

Attention: Frank Abersfeller

Dear Frank:

Enclosed is copy of letter from Ken Leaf. Would you suggest what comments we might care to make.

Yours very truly,

LONEY, WESTLAND & RAEKES

DWL/bdc

By:

enc:

GX K-85-b

THE REGIONAL ADMINISTRATOR OF NATIONAL BANKS

THIRTEENTH NATIONAL BANK REGION
[illegible] SOUTHWEST ALDER STREET, ROOM [illegible]
PORTLAND, OREGON 97205

United States Treasury

February 5, 1969

Mr. Dean W. Loney, Agent
Columbia Center National Bank,
organizing
300 West Kennewick Avenue
Kennewick, Washington 99336

Dear Mr. Loney:

We have been advised by the Supervisor of Banking for the State of Washington of the filing on January 27, 1969 by Fidelity Mutual Savings Bank, Spokane, of an application to establish a branch in Building B-10A of the Columbia Shopping Center, Kennewick, Benton County, Washington.

Any comments you may care to make concerning this proposal should be directed to Mr. Frank Cooper, Supervisor of Banking, 218 General Administration Building, Olympia, Washington 98502. We shall appreciate receiving copies of any correspondence you may have in this regard.

Very truly yours,

Kenneth W. Leaf

KENNETH W. LEAF
Regional Administrator of National Banks

Alaska Idaho Montana Oregon Washington

COPY

NATIONAL BANK OF COMMERCE OF SEATTLE GX K-85-C

February 7, 1969

Mr. Dean W. Loney
Loney, Westland & Raekes
Attorneys at Law
P. O. Box 6125
Kennewick, Washington 99336

Dear Dean:

Subject: Letter from Kenneth W. Leaf re Fidelity Mutual Savings Bank, Spokane and its application for branch in the Columbia Shopping Center dated February 5, 1969

This is just a suggestion but the following is part of the language Mr. Carlson uses in such circumstances. It is our policy not to protest when an application is filed, but as you will see, to leave the decision to the judgment of the authorities.

"Thank you for your letter of . . . advising us that an application by . . . has been filed to establish a branch . . . .

"As you know, our policy generally in connection with the application of others to establish new banks or new branch offices has been a neutral one, and we would prefer to leave the determination with the bank supervisory authorities in their best judgment, considering all the circumstances and the available information.

"We have confidence in the good judgment, fairness and impartiality shown by the office of the Comptroller of the Currency over the years, and appreciate being advised of developments in this area as they affect our bank and its competitive position."

Best personal regards,

Robert F. Buck
Senior Vice President

RFB:ws

GX A-95

INTER-OFFICE CORRESPONDENCE

FROM Kennewick BRANCH

SUBJECT

DATE February 26, 1969

THE NATIONAL BANK OF COMMERCE OF SEATTLE

Mr. Frank A. Abersfeller
Assistant Vice President
Head Office

Dear Frank:

Possibly you all ready have this information, but yesterday I learned that the Fidelity Mutual Savings Bank has applied for permission to open an office in the Columbia Shopping Center.

Mr. Gordon D. Graham, whose business card states that he is a review examiner with the Division of Banking in Olympia, called on me to get my opinion as to the advisability of granting this new office. I told him that although I would not publicly and officially register a protest, I felt that there were, at the present time, ample facilities in the Tri Cities area to meet both the banking and savings bank requirements.

You might want to pass this information on to Mr. Price and Mr. Buck.

Sincerely,

L. B. Beavers
Vice President and Manager

LBB:CF

GX K-87-a

CAPITALIZATION

COLUMBIA CENTER NATIONAL BANK

March 11, 1969

This bank is being capitalized for $450,000. 2,500 shares of stock will be sold at $180.00 each. Requests for the stock have been made as follows:

* Albaugh, Frederick W.	Richland	100	$	18,000.
Boys, Marvin	Seattle	50		9,000.
* Broughton, Charles J.	Dayton	100		18,000.
* Cochrane, F. M.	Kennewick	80		14,400.
* Felton, Glenn N.	Kennewick	78		14,040.
* Hemphill, Wylie M.	Seattle	100		18,000.
Horning, John	Kennewick	10		1,800.
* Horrobin, Gerald E.	Pasco	100		18,000.
* Loney, Dean W.	Kennewick	100		18,000.
* Matheson, Willard E.	West Richland	100		18,000.
Malone, John	Pomeroy	84		15,120.
* McGuire, Wilbur H.	Bellevue	84		15,120.
Padelford, Philip S.	Seattle	63		11,340.
Philip, Robert F.	Richland	100		18,000.
* Stowell, Ralph J.	Southworth	40		7,200.
Walsh, James A.	Seattle	50		9,000.
		1,239	$	223,020.
		49.56%		49.56%

* These men are the organizing shareholders.

There remain 1,261 shares. They will be issued in the Tri-City area. The objective is to have between 40 and 50 shareholders in total. No one not above named will be issued more than 50 shares, with the exception of Glenn Lee of Richland, who will be issued 100 shares. Shares will be allocated on the basis of the business that potential shareholders can direct to the bank and their ability to purchase for cash.

OK

Opening date of the Columbia Center Shopping Center is expected to be September 1, 1969. It is anticipated that the bank will commence operations on about August 1, 1969.

GX K-87-b

Most devoted stockholder

1) Very friendly
2) Direct business - influential
3) Cash purchase.

33 people with high of 50 shares
and low of 20 shares.

& total 1243 shares.

GX K-88

March 19 1969

Mr. Dean W. Loney
Attorney at Law
Post Office Box 6125
Kennewick, Washington 99336

Re: Columbia Center National Bank, Kennewick, Washington, in organization

Dear Mr. Loney:

This letter will serve as a follow-up to the telephone conversation between the undersigned and Mr. John F. Horning on March 18, concerning several matters pertaining to the bank's organization and the offering circular.

The Comptroller's letter of June 6, 1968 stipulated that executive management of the proposed bank be approved by that office. Accordingly, your name should be submitted for approval as Chairman of the Board. A brief resume of your background, including your relationship with the National Bank of Commerce of Seattle, should be included. Please indicate whether you will receive any remuneration as Chairman.

The Comptroller's letters of June 24, 1968 and January 15, 1969 requested Mr. Morris J. Smith's letter of resignation as an organizer. To our knowledge, this matter has not been resolved.

We are informed that Mr. Stovell will not serve as a director. Accordingly, this decision and the reasons therefor should be spelled out in letter form. It is suggested that Mr. Stovell's name be shown only as an organizer on page 4 of the offering circular. We realize that Mr. Stovell will be consulted frequently on matters pertaining to loans and bank management. Any remuneration he may receive for serving in that capacity should also be set out.

To our knowledge, Mr. Wilbur H. McGuire has not been approved as an interim director. Such a request, including the reasons for his participation on the Board, should be made.

Mr. Glenn Carrington was originally listed as an organizer. However, his name does not appear on pages 4 to 6 of the offering circular. If Mr. Carrington has resigned from the group, his letter to that effect should

be submitted to the Comptroller. Otherwise, his name should be included with those appearing on pages 4 to 6 of the offering circular.

Item (1) at the bottom of page 1 of the offering circular reflects organization expenses of $20,000, whereas the first paragraph of page 3 indicates that organization expenses of an additional $11,000 will be absorbed. If this conclusion is correct, it is suggested that item (1) reflect organization expenses of $31,000 and that such expenses be summarized on page 3.

The offering circular should be amended to conform to these suggestions and be resubmitted to the office of the Comptroller of the Currency for approval. We will, of course, appreciate receiving copies of all correspondence pertaining to matters covered in this letter.

Very truly yours,

JOHN G. HENSEL
Deputy Regional Administrator
of National Banks
Thirteenth National Bank Region

cc: Mr. John F. Horning
Mr. John F. Horning, National Bank of Commerce, Seattle

GX K-89

THE NATIONAL BANK OF COMMERCE OF SEATTLE

CAPITALIZATION
COLUMBIA CENTER NATIONAL BANK
April 14, 1969

This is a revision of the list dated March 11, 1969.

This bank is being capitalized for $450,000. 2,500 shares of stock will be sold at $180 each. Requests for the stock have been made as follows:

X	*Albaugh, Frederick W.	Richland	100	$ 18,000
X	Boys, Marvin	Seattle	50	9,000
X	*Broughton, Charles J.	Dayton	100	18,000
X	*Cochrane, F. M.	Kennewick	100	18,000
X	*Felton, Glenn N.	Kennewick	100	18,000
X	*Hemphill, Wylie M.	Seattle	100	18,000
X	Horning, John G.	Kennewick	60	10,800
X	*Horrobin, Gerald E.	Pasco	100	18,000
X	*Loney, Dean W.	Kennewick	100	18,000
X	*Matheson, Willard E.	West Richland	100	18,000
X	Malone, John	Pomeroy	84	15,120
X	*McGuire, Wilbur	Bellevue	84	15,120
X	Padelford, Philip S.	Seattle	63	11,340
X	Philip, Robert S.	Richland	100	18,000
X	*Stowell, Ralph J.	Southworth	40	7,200
X	Walsh, James A.	Seattle	50	9,000
			1,331	$239,580
			53.24%	53.24%

*These men are organizing shareholders.

There remain 1,169 shares. These will be issued in the Tri City area. The objective is to have between 40 and 50 shareholders in total. No one not above named will be issued more than 50 shares with the exception of Glenn Lee of Richland, who will be issued 100 shares. Shares will be allocated on the basis of the business that potential shareholders can direct to the bank and their ability to purchase for cash.

Contacts are being made in the Tri City area and as of this date the bank is committed to hold the following number of shares for each individual.

Ed Ray	Kennewick	Insurance	50
Glenn Lee	Kennewick	Publisher	100
Sid Lantor	Kennewick	Clothing	50

Keith Adams	Kennewick	Real Estate	20
Charles Powell	Kennewick	Attorney	25
Robert H. Brown	Kennewick	Property Owner	50
Leonard Foster	Kennewick	Contractor	20
Henry Smith	Kennewick	Farmer	50
			365

At this time, we are not committed on 804 shares and we have a total of 24 shareholders.

GX K-90

April 14, 1969

ATTENTION: Mr. Andrew Price, Jr.
Chairman of the Board

REFERENCE: Columbia Center National Bank

Calls are being made in Seattle on the tennants of Columbia Center. Fidelity Finance, The Singer Company and Sterling Theatres have agreed to open accounts with the new bank.

The offering circular is now in the final draft, subject to the Regional Administrator's approval of Legal and Professional fees. There is no reason to think this will not be approved and then the offering will be submitted again to Washington, D.C.

At the Board meeting in Kennewick on April 9th, it was decided we would not need a director to replace Dr. Fred Albaugh when he leaves the Board. The other directors felt that John Horning could be the seventh director to meet the requirements; however, this will be cleared with the Regional Administrator's Office later. The directors hired the number two man for the bank. Larry Ledington was elected Cashier and employed at a beginning salary of $800 per month. This is subject to approval by the Regional Administrator and Larry has been given the necessary papers to complete and submit.

A complete list of bank services was discussed and it was agreed we would offer all services except Trust. Progress on the offering circular and sale of stock was discussed. Loney, Albaugh and Felton are arranging appointments with prospective stockholders for Horning to meet. The Board authorized the signature of John Horning on the account of the bank.

GX K-91

RECEIVED
Apr 21 1969

April 21, 1969

ATTENTION: Mr. Andrew Price, Jr.
Chairman of the Board

REFERENCE: Columbia Center National Bank

Calls were made on the following potential customers in the Seattle, Kennewick and Pasco areas:

Farrells Ice Cream Parlour
The Squire Shop
Hole'N One Donut
Mutual Fund Brokers
Hazel's Candies
The Flower Basket
Hallmark Cards
Shields Book and Stationery, Inc.
The Clothes Horse
Carl's Clothing
Wade's Clothing

On April 16, 1969, visited with John Hensel on the phone concerning the second man for Columbia Center National Bank. Hensel feels he is qualified; however, he suggested he spend a week or two in Head Office and a week or two in some well run Unit Bank in the area. He also suggested the sooner he can be on our project, the better.

Additional contacts were made with regard to placing the stock in the Tri-City area. The following tentative commitments were made:

Gene Astley	Richland	Battelle	35 Shares
Dr. Guy Crook	Richland	M.D.	20 Shares
Pete Taggeres	Othello	Farming & Food Proc.	50 Shares
Clyde Tipton	Richland	Battelle	25 Shares
Don DeHallis	Richland	Battelle	25 Shares
Neil Lampson	Pasco	Heavy Equipment	50 Shares
Dick Nightingale	Richland	Battelle	25 Shares

We now have a total of 31 stockholders with 574 shares of stock left to place.

The list of firm tennants is now up to 50 with the latest two being Zale's Jewelers and Eddie Mays Restaurants.

John G. Horning

GX K-92

November 16, 1970

Mr. Ralph Scott
Niemi, Holland & Scott
Certified Public Accountants
17 North Cascade
Kennewick, Washington 99336

Re: Columbia Center National Bank

Dear Ralph:

We have discussed the matter at our recent Board of Directors Meeting involving participation in loans with the National Bank of Commerce, and it appeared to me that it might be helpful to get the benefit of your advice in this regard.

The gist of our problems are as follows:

(1) The bank is prohibited by law from making a loan in excess of $37,500.00 to any one borrower.

(2) Inasmuch as the bank's customers are somewhat limited because it is so new in the area, the opportunities for making loans are likewise limited, and with the loan limitation, it means that the bank is forced to make a lot of small loans and these customers are not always easy to obtain.

(3) The National Bank of Commerce, as correspondent bank, picks up the excess amount of any loans that are made.

(4) We wish to propose to the National Bank of Commerce that it consider permitting us to participate in some of their loans, in order that our funds will be loaned out at the maximum rate.

This is a somewhat unusual request inasmuch as the NBofC at first blush might not be interested in letting us participate in their loans. However, if consideration is given to the fact that this may become a branch of the National Bank of

Commerce at some future date, I felt there might be some tax advantages to consider.

At the present time, after one year's operation, we have experienced a normal loss the first year, and it appears the second year will break even or be a little better. If, however, the bank were able to earn up to at least $25,000.00 per year, these funds would come in at a lesser tax rate.

I don't want you to spend a lot of time on this, just wanted a rather cursory opinion on your part as to whether there might be any other advantages that I don't see. We are running on a real tight budget and if you feel that this would need considerable research, please talk with either John or me. We shouldn't spend a lot of money on it until we at least make a pass at the HBofC to see if they would be interested.

Yours very truly,

LONEY, WESTLAND & RAEKES

By

DWL/mp
cc: Mr. John Horning

V 2 5 E70

NIEMI, HOLLAND & SCOTT Certified Public Accountants

FRED G. NIEMI, C. P. A.
WILLIAM H. HOLLAND, C. P. A.
RALPH K. SCOTT, C. P. A.
CLIFTON E. LAMIE, C. P. A.
T. L. ARLINGTON, C. P. A.
ROBERT E. MAPLE, C. P. A.
GEORGE C. SCOTT, C. P. A.
WILLIAM E. HENDRICK, C. P. A.
DOUGLAS W. KAGIMOTO, C. P. A.
PATRICK H. KENNEDY, C. P. A.
DAVID A. RECHERS, C. P. A.
JAMES M. DILWORTH, JR., C. P. A.

REESE BUILDING, 17 N. CASCADE
KENNEWICK, WASHINGTON 99336

OFFICES
WALLA WALLA, WASH.
KENNEWICK, WASH.
RICHLAND, WASH.
PORTLAND, ORE.
HILLSBORO, ORE.

November 18, 1970

Mr. Dean Loney
Loney, Westland & Raekes
300 West Kennewick Avenue
Kennewick, Washington 99336

Re: Columbia Center National Bank

Dear Dean:

Fortunately, the matter raised in your letter does not require a great deal of research. My thoughts are as follows:

1. By all means, ask the NBC to give you some business.

2. If acquisition by NBC is a "strong probability," they should not be adverse to feeding the calf.

3. You were right that the tax advantage would be there, and assuming the acquisition price was not increased as a result, the tax benefit would ultimately flow to NBC.

While I am sure the official position of the IRS would be that one taxpayer cannot assign income to another, I am aware of the fact that banks do sprinkle income to newly acquired branches--probably intended to improve their financial status more than to save taxes.

It could well be that they would prefer to simply refer some of their captive business rather than have CCNB participate with them in a particular loan.

If you have any questions, give me a call.

Sincerely,

Ralph K. Scott

RKS:klm

cc: Mr. John Horning
Columbia Center National Bank
1000 Columbia Center
Kennewick, Washington 99336

P.S. No charge for this service.

GX K-94

DEC 21 1970

INTEROFFICE CORRESPONDENCE

FROM Kennewick BRANCH

SUBJECT

DATE December 18, 1970

NATIONAL BANK OF COMMERCE of Seattle

TO Mr. Andrew Price, Jr.
Chairman of the Board
Head Office

Will Ripon —
Talk to Dale —
Leave alone —
Stop in & see him after Christmas —
Lyle knows to see him —

I telephoned Lyle & said I would see him early in the new year & also stop by & see Mr. Ripon

Dear Andy:

You are real busy, I know, but I believe it is important that you be apprised of a situation we have at the Kennewick Branch, that, in my opinion, is quite important.

I assume you met Cliff Ripon, the manager of Columbia Shopping Center, on one of your visits here. When Mr. Ripon came to Kennewick prior to the opening of the Center, he opened a checking account with us which was occasionally overdrawn, but we always paid his checks and then when the Columbia Center National Bank opened, he transferred his account to that bank, which is understandable.

In July, 1969, Mr. Ripon purchased an automobile from our customer, Jerry Horrobin Ford. We handled the contract and the very first payment was late and subject to a late charge. Since that time, with the exception of two payments, there have been late charges on this contract requiring collection effort on our part. Next Friday, two payments will be due on this contract. Mr. Baker, our Assistant Cashier and manager of our Instalment Loan Department, has done everything in his power to cope with this situation and has offered to make an extension on the contract so as to avoid the late charges, and has offered to change the payment date. Mr. Ripon has refused any of these suggestions and has stated that he will make his payments whenever he chooses, but he is not going to pay any late charges.

The most undesirable aspect in this matter is that Mr. Ripon is making some very disparaging remarks about The National Bank of Commerce. Realizing that he is a person of some importance in this area, we feel that we should handle this situation with kid gloves and knowing the relationship between Allied Stores and The National Bank of Commerce, we would not want to do anything to interfere with that relationship. Were it not for this fact, we are sure that Mr. Horrobin would authorize us to repossess the automobile, but he is a director of Columbia Center National Bank, which also creates somewhat of a problem.

John Horning is aware of this situation, and has indicated that if Mr. Ripon would request that this contract be transferred to him, that

would be agreeable; however, he states that he has had several loans with Mr. Ripon and has had somewhat of a problem with collections.

I am sure that if an employee of The National Bank of Commerce would act in the manner that Mr. Ripon is acting, he would be called on the carpet immediately if the facts became known to the bank. Our image is certainly not being improved through Mr. Ripon's statements and it is something that I, personally, would like to put a stop to if at all possible.

Do you have any suggestions?

Sincerely,

L. B. Beavers
Vice President and Manager

LBB:CF

GX L-1

TABLE OF CONTENTS

A. INTRODUCTION 1

B. ECONOMY OF WASHINGTON 4

C. ECONOMY OF SEATTLE 14

D. NEED FOR STATEWIDE BANKING 17

E. ECONOMY OF SPOKANE 18

F. HISTORY AND FINANCIAL CONDITION OF BANKS

Washington Trust 24

Commerce 28

G. ACQUISITIONS OF COMMERCE, LAST 5 YEARS 31

H. MANAGEMENT RESOURCES 32

I. COMPETITION

Commerce with other major banks 32

Competing financial institutions 34

Commerce and Washington Trust 42

J. CONVENIENCE AND NEEDS OF COMMUNITY 44

K. CONCLUSION 48

ECONOMIC BRIEF

INTRODUCTION

The National Bank of Commerce of Seattle (herein called "Commerce"), is a national banking association with its main office in Seattle, Washington. It has conducted a banking business in Washington since 1889 and now operates 99 branches of its bank at various locations within the State of Washington. Directly or through wholly owned Edge Act subsidiaries, it also maintains offices in Hong Kong, London and New York City, and representative offices in Tokyo and Singapore. The bank is a wholly owned subsidiary of Marine Bancorporation, a one-bank holding company, incorporated in 1927 under the laws of Washington. The bank's deposits including foreign offices as of June 30, 1970, totaled $1,216,290,183.

Commerce offers its banking services to many trade areas in Washington with branches in 30 of the state's 39 counties. However, it does not operate a branch of its bank in Spokane, the state's second largest city. Commerce is prohibited by the laws of Washington from establishing or operating a branch in Spokane except by taking over or acquiring an existing bank, trust company or branch thereof now operating in Spokane.(1)

Washington Trust Company (herein called "Washington Trust") is a banking corporation organized under the laws of the state of Washington. Its main office is in Spokane, and it also operates six branches of its bank in Spokane and one branch in Opportunity, Wash-

(1) R.C.W. 30.40.020 ". . . No bank or trust company shall establish or operate any branch in any city or town outside the city or town in which its principal place of business is located in which any bank, trust company or national banking association regularly transacts a banking or trust business, except by taking over or acquiring an existing bank, trust company or national banking association or the branch of any bank, trust company or national banking association operating in such city or town."

ington, a suburban community approximately six miles east of Spokane. The bank's deposits as of June 30, 1970, totaled $74,995,720.

Seattle and Spokane are each the center of separate and distinct trade areas. The cities are 284 miles apart. Neither Commerce nor Washington Trust operates to any significant extent in the area of the other. There is little, if any, competition between the two banks at the present time, nor is there any likelihood of such competition developing in the reasonably foreseeable future. Consequently, the two banks have agreed to merge (subject to the approval of regulatory authorities and stockholders) and operate the present banking locations of Washington Trust as branches of Commerce. Washington Trust would be dissolved and its stockholders would receive 800,000 shares of Marine Bancorporation common stock.

With branches in 30 of Washington's 39 counties, Commerce includes within its service area practically the whole of the state of Washington. Consequently, this brief will include reference to the economy of the entire state with special reference to Seattle, the principal financial center of the State, and to Spokane, the financial center of the "Inland Empire," an economic area composed of parts of eastern Washington, northern Idaho and western Montana. The city of Spokane is the principal service area of Washington Trust.

To better understand the economic justification for combining Commerce and Washington Trust into a single bank, a number of economic factors, significantly important, should be kept in mind:

1. <u>There is a natural division of the state into two principal and distinct regions</u>. The high Cascade Mountains form a substantial barrier between the western third of the state and the remaining area to the east. Climate and economy of the two sections are both sharply distinguished by the influence of the mountains.

2. <u>Most of the state's population, commerce and industry are</u>

in the west; most of the state's agriculture is in the east. Approximately 76% of the state's population is located in counties located to the west of the Cascades, covering only about one-fourth of the state's land area. In this area are eight of the state's 10 largest cities, most of the state's industrial plants, and most of the major commercial facilities. In the eastern section are rich and extensive agricultural developments, both dry land and irrigated.

3. Despite the mountain barrier, west and east have important economic relationships. Large amounts of eastern agricultural products are shipped out through Puget Sound ports in western Washington. Governmental, commercial and financial agencies headquartered in the Puget Sound area provide important services to eastern Washington, often through regional offices in Spokane.

4. Seattle is the dominant city in western Washington. Spokane is the dominant city in eastern Washington. This is confirmed by newspaper circulation, television coverage, retail trade patterns, and location of regional offices. There are, however, two notable exceptions: southwestern Washington is generally tributary to Portland, Oregon; and the Yakima Valley in south-central Washington has a semi-autonomous economy which ties to both Seattle and Portland.

5. The economic regions dominated by Spokane extend into Idaho and Montana. This is demonstrated by the same types of criteria as above. Spokane is especially important in servicing the mining areas of Northern Idaho.

STATE OF WASHINGTON

The state of Washington lies in the extreme northwestern section of the United States. It comprises a land area of 68,192 square miles. The state extends 365 miles along the border of Canada and 157 miles along the shores of the Pacific Ocean. It is the smallest state west of Iowa, but larger than any state east of the Mississippi River. In land area it is approximately equivalent to the combined area of Virginia and West Virginia. The state has an unusually long coastline due in part to the many narrow inlets and numerous islands in Puget Sound, a long arm of the Pacific Ocean, and the many indentations along the Pacific Coast.

The state land mass comprises 42,664,000 acres. 20,725,000 of these are in forest and woodland, of which 10,359,000 are federal or state owned. Of the remaining 21,939,000 acres in the state, 19,053,000 acres are classed as farmland. Of these, 8,185,000 acres are in crops, and the balance is grazing or arid land. In summary, 24% of the state's area is covered by federal or state forest, 24% by commercial forest land, 25% by range and woodland, 19% by cultivated crop land, and 7% by commercial, industrial and miscellaneous types of uses.

Topography

The topography of the state is dominated by the Cascade Mountains, which divide the state into two principal natural regions, coastal and interior. Please refer to Map #2. Smaller natural regions, from west to east, include:

1. The Coastal Lowland, lying along the Pacific Ocean, is heavily forested and economically dominated by the wood products industry.

2. The Coast Range is a part of the broad mountain mass immediately east of the coastal lowland. The chief industries of the region include logging and sawmilling.

3. The Puget Sound Lowland, extending from north to south through the entire length of the state, contains only about a tenth of the state's land area, but two-thirds of the state's entire population and most of its manufacturing plants.

4. The Cascade Mountain Range, 50 to 100 miles in width, with summits up to 14,000 feet, forms an effective barrier dividing the state into two differing economic areas.

5. The Columbia Plateau, covering most of central and southeastern Washington, is occupied mostly by large grain farms and livestock ranches, with orchards along the western river valleys and a major sector in the center devoted to an intensive irrigated agriculture.

6. The Northeastern Highlands consists mostly of hilly terrain, partly forested, with mining an important economic factor.

Climate

Washington has a milder climate than many other parts of the United States in the same latitude. It also has a greater range of rainfall than other states, with most of the rain occuring during the colder months. Snowfall varies widely, ranging from little or none along the coast to 600 inches on the southern slopes of Mount Rainier. The western section, which is tempered by the winds which blow over the warm waters of the ocean, has a marine climate. The summers are cool, and the winters are mild.

The Cascade Mountains keep many of the ocean winds from reaching Eastern Washington and cause them to lose much of their moisture on the high western slopes of that range. The eastern section, consequently, has a less mild climate and receives less rainfall than areas farther west. The eastern section has generally warm summers and cold winters.

Population

A total of 3,409,169 people are dispersed throughout the state's 68,192 square miles and 39 counties. Of the total population,

42% are located in two counties constituting the Seattle SMSA[1], which consists of only 4,234 square miles or 6% of the land area. The four-county area which constitutes the Central Puget Sound Region around Seattle is home to 59% of the state's population.

In recent decades, the state's population has grown rapidly. Population growth is illustrated by the following table showing the state's 10 largest cities.

Place	1970	1960	1950	1940	1920	1900
THE STATE	3,409,169	2,853,214	2,378,963	1,736,191	1,356,621	518,103
Seattle	530,831	557,081	467,591	368,302	315,312	80,671
Spokane	170,516	181,608	161,721	122,001	104,437	36,848
Tacoma	154,581	147,979	143,673	109,408	96,965	37,714
Bellevue	61,102	12,809	-	-	-	-
Everett	53,622	40,304	33,849	30,224	27,664	7,838
Yakima	45,588	43,284	38,486	27,221	18,539	287
Vancouver	42,493	32,464	41,664	18,788	12,637	3,126
Bellingham	39,375	34,688	34,112	29,314	25,585	11,062
Bremerton	35,307	28,922	-	-	-	-
Longview	28,373	23,349	20,339	12,385	-	-

Following are percentage increases of population for Washington compared with U. S. totals:

		Washington	U. S.
Population growth:	1940-1950	37.0%	22.4%
	1950-1960	19.9	18.5
	1960-1970	19.5	13.3

In 1960, 96.79% of the state's population were White, 1.69% Black, 0.83% Indian, and 0.77% Oriental (.72% Japanese). However, during the later years of the last decade, larger numbers of non-white groups have moved into the state. A recent estimate places the Black population of the city of Seattle at 7% of the total city population as compared with 4.8% of the total city population in 1960.

---

[1]Standard Metropolitan Statistical Area

Economy of Washington

The economy of the state of Washington is based to a large extent on natural resources. Logging and the wood products industry, farming and the food processing industry, fishing and mining form important elements of the total economy. In addition, shipping at the deepwater ports, and the related shipbuilding industry, are significant activities in western counties bordering saltwater. However, the aerospace manufacturing industry, and a large group of smaller diversified industries, have also become major economic factors since World War II. These basic industries are complemented by substantial employment in construction, trade, services, and government.

Statistics on personal income in Washington State and in the United States for 1969 indicate the following breakouts for major sources of civilian income, excluding investment income and transfer payments:

Source	Washington %	U.S. %
Farms	3.8	3.3
Mining	0.2	1.1
Construction	6.6	6.3
Manufacturing	27.9	29.9
Wholesale & Retail Trade	17.5	16.9
Finance, Insurance & Real Estate	5.3	5.4
Transportation, Communication & Public Utilities	7.0	7.1
Services	13.8	13.1
Government	17.4	14.5
Other	0.4	0.3
	100.0%	100.0%

Source: Survey of Current Business 8/70

In the preceding table, such major resource-based activities as food processing and logging are lumped into the "Manufacturing" category.

The following employment statistics show the average number of employees in various types of work for the full year of 1969. These

statistics antedate recently reduced employment in the aerospace industry.

Type of Employment	Number Employed, 1969 (000 workers)		%
Total	1,335.7		100.0
Agriculture & Food Processing	94.7		7.1
Agriculture		64.3	
Food Processing		30.4	
Wood Products, Paper & Allied	65.2		4.9
Lumber & Wood Products		45.2	
Paper & Allied		20.0	
Aerospace	91.1		6.8
All other Manufacturing	92.6		6.9
Wholesale & Retail Trade	247.0		18.5
Government	237.8		17.8
All other	507.3		38.0

Source: Washington State Employment Security Department

Recent cutbacks in aerospace employment resulted in there being only 51,500 employed in that industry in October, 1970, vs. the 91,100 average employment level for 1969. Even so, the aerospace industry remains one of the principal basic industry groups. The two others are agriculture, including food processing, and the wood products industry, including lumbering and paper production. Each of these will be briefly examined in the paragraphs that follow.

Agriculture and Food Processing

Since the end of World War II, the number of farms in Washington has decreased from 80,000 to about 45,000 while the acreage devoted to agriculture has increased from 15,200,000 to 19,000,000. Average farm size increased sharply from 363 acres in 1959 to 418 acres in 1964. In eastern Washington 9 of 20 counties had an average per farm of over 1,000 acres. Crop land under cultivation is estimated at 8,185,000 acres.

The three leading farm products vary in order among the following commodities: livestock, wheat and dairy products. In 1969 the three leading farm products in Washington were livestock and wheat, each with production valued at slightly over $120,000,000, and dairy products, valued at $112,000,000. They were followed by apples at $74,000,000, potatoes at $43,000,000, eggs at $29,000,000, and hay at $27,000,000. Soft fruits, primarily pears, cherries and plums, totaled $25,000,000. The total value of farm sales in the year was $831,000,000.

Wheat is grown extensively in central and eastern Washington, outside the irrigated areas. Whitman County in southeastern Washington, is the leading county in the nation in wheat production. In 1969, statewide wheat production from nearly 2,000,000 acres was valued at $120,000,000. Over 80% of the crop is exported, principally to Asian markets. Wheat constitutes well over half the tonnage of outbound shipments from the Port of Seattle.

Beef cattle are raised on farms and ranches throughout the eastern two-thirds of the state. There are concentrations of cattle ranches on the eastern slopes of the Cascades and the Northeast Highlands.

Apples and hops are other important Washington farm products. Apples are grown widely in irrigated orchards along a number of rivers flowing from the eastern slopes of the Cascades, and are shipped to markets throughout the United States. Hops are a major product of the irrigated lands in the Yakima Valley and Columbia Basin, which also produce significant quantities of potatoes, sugar beets, soft fruits, and specialty crops such as mint. Other agricultural products important to the state economy include livestock, feed crops, peas, other process vegetables, and berries.

As indicated earlier, food processing is a major manufacturing industry. It includes fish canneries around Puget Sound, flour milling and small meat packing plants at several points, vegetable and berry canneries and freezing plants in the north Puget Sound area, apple processing plants, sugar refineries in central Washington, and many types of fruit and vegetable processing plants in the Yakima Valley, Columbia Basin, and southeastern Washington. Total value of food processing in 1967 was $466 million. Employment in the industry in 1970 has varied from a low of 26,900 in March to a high of 34,100 in September.

Lumber and Wood Products

Washington occupies a prominent position in the production

and processing of softwood lumber; in the manufacture of major wood products, including plywood, building materials, pulp derivatives, paper and chemicals; and in the export of raw logs to Asia.

Principal woods produced include Douglas and other fir varieties in western Washington, and pine on the eastern slopes of the Cascades and in the northeastern region of the state. Cedar, spruce and other softwoods are also significant.

Total value of wood and building products in 1967 was $433,000,000. Total value of pulp and paper production in the same year was $377,700,000. Log exports in 1969 were valued at $135,000,000.

Employment in lumber and wood products was 43,500 in October 1970, while another 19,600 were employed in the manufacture of allied products. These figures are relatively low because of currently depressed conditions in the industry. National forecasts now indicate somewhat improved conditions in the industry for 1971. Employment is seasonal, with low points reached during winter snow periods.

Principal employers with sizeable plants include Weyerhaeuser, Georgia Pacific and Crown Zellerbach. There are other national and regional firms with substantial payrolls. In addition, there are numerous small logging contractors, with crews typically less than five men, who work for the major firms.

The wood products industry is the principal economic base for a number of medium-size and smaller cities around the state, including Aberdeen (pop. 18,563), Longview (pop. 28,319), and Port Angeles (pop. 16,169). It is also highly important to Tacoma and Everett, and Spokane, the latter city being a regional center for the industry.

Aerospace

The aerospace industry in Washington is virtually synonymous with the Boeing Company. In recent years, Boeing has provided well over 90% of total aerospace employment in the state, and subcontractors to Boeing have accounted for much of the remainder.

A large group of commercial and government programs peaked in the summer of 1968, when the company employed over 101,000 persons in its Seattle-area and Everett plants. Since that time employment has been sharply reduced by a combination of factors, including apparent saturation of the market for large jet transports, a fall-off in airline traffic growth, completion of major government contracts, and reduction or postponement of other governmental programs in which Boeing has immediate or prospective interest. Present Boeing employment in the Seattle-Everett area is approximately 45,000. Boeing has projected local employment at roughly 32,500 as of the end of 1971.

Boeing employment in the state is almost entirely concentrated at several plants in southern King County and one plant in adjacent Snohomish County, the latter with about 30% of the total employment.

Other Industry

Other primary industries of local significance include fishing and mining. Seattle firms are also prominent in the Alaska fish pack which in 1970 surpassed $100 million. In 1969, the total commercial fishing catch landed at Washington ports amounted to 144.7 million pounds, with a processed value of $28.0 million. Puget Sound-based fishermen reap a substantial portion of major fish harvests in Alaskan waters, as well as those off the Washington coast.

Washington mines in 1967 yielded production valued at $82 million. Principal metal ores mined include zinc, lead, and silver, all from the northeastern region of the state. Coal was mined extensively in the early part of the century, but production was reduced with a fall in demand; substantial production will be resumed shortly to fill the

fuel requirements of a major new electric power plant at Centralia in west central Washington.

Atomic energy production, for which the important Hanford plants in central Washington were built in World War II, has continued to provide the principal economic base for the nearby residential city of Richland (pop. 23,008). Although some of the original Hanford reactors have been closed down, the projected further development at Hanford of major nuclear-fueled electric power plants, to provide a principal component of the entire northwestern power grid, will provide continuing stimulus for the area. Richland has also become a principal base for nuclear research by private corporations.

Deep water ports have attracted a growing volume of shipping to the state. Seattle is a major Pacific Coast port and is said to be a leading west coast American port in the handling of Japanese cargo. Other cities are also equipped to handle grain and lumber exports as well as general cargo imports and exports.

Aluminum plants, at several points around the state, have taken advantage of relatively low regional power costs. Oil refineries, in northwestern Washington, utilize crude oil shipped from Alaska, partly for the Seattle metropolitan market.

Tourism, involving travel to mountain, forest and water attractions in Washington, provides an important employment base.

Commercial Banks in Washington

There are 87 commercial banks in Washington with 631 banking locations, with total deposits of $5,243,466,000. The major banks, the number of their banking locations and deposits are shown on the

following table.

Bank	Banking Locations in Washington	Deposits in Washington 6-30-70 (000's)	%
The National Bank of Commerce	100	$1,027,521	19.596
Seattle-First National Bank	143	1,640,272	31.282
Pacific National Bank of Washington	60	565,485	10.784
Peoples National Bank of Washington	47	369,572	7.049
Old National Bank of Washington	43	272,797	(5.202)
The Bank of California	2	177,431	(3.383)
Puget Sound National Bank	24	176,332	
Seattle Trust & Savings Bank	20	139,731	
Washington Trust Bank	8	74,995	
Canadian Imperial Bank of Commerce	1	35,348	
All others	183	763,982	

In Washington, mutual savings banks and savings and loan associations are important competitors for deposits. The following table shows total deposits in Washington and percentage of deposits when these additional depository institutions are included.

Institution	Deposits 6-30-70 (000's)	Percent
National Bank of Commerce	$1,027,521	11.9%
Seattle First National Bank	1,640,272	19.1
Washington Mutual Savings Bank	740,081	8.6
Pacific National Bank of Washington	565,485	6.6
Pacific First Federal Savings and Loan	465,038	5.4
Peoples National Bank of Washington	369,572	4.3
Old National Bank of Washington	272,797	3.2
Fidelity Mutual Savings Bank	205,998	2.4
Lincoln First Federal Savings and Loan	181,711	2.1
The Bank of California	177,431	2.1
Puget Sound Mutual Savings Bank	84,287	1.0
Washington Trust Bank	74,995	.9
All Others	3,066,676	32.4

Further data on Washington banks is included in this brief under "Other Competing Financial Institutions."

Attached hereto as "Appendix B" is a division of the state into 13 economic regions with the major financing requirements of each region and the number of commercial banking offices located therein.

SEATTLE

Seattle is the dominant city in western Washington and by far the largest city in the state. The 1970 census figures show Seattle had 530,831 residents, and King County had 1,156,633 residents. The latter figure equalled 33% of the state's population of 3,409,169 on that same date. The city is the center of the Seattle-Everett Standard Metropolitan Statistical Area that encompasses King and Snohomish Counties. This metropolitan area had a 1970 population of 1,421,869.

The economy of Seattle is characterized as basically industrial. Out of a state total of 233,700 employees in manufacturing industries, the Seattle SMSA has 117,800 or 50.4%. Manufacturing employment constitutes 20.8% of the total employment in the metropolitan area. Principal manufacturing employment is in the aerospace industry and the Boeing Company is the principal employer. In the Seattle area, Boeing currently employs about 8% of the total metropolitan working force of 566,200 people. Other significant industries include shipbuilding and the production of railroad cars, trucks and other heavy equipment. In addition, an increasingly diversified consumer products industry is being developed within the immediate Seattle area.

Wholesale and retail trade are important factors in the Seattle economy. The city ranks as the largest wholesale center west of Minneapolis and north of San Francisco. Total wholesale trade in 1967 amounted to $4.2 billion, while the total retail sales for the metropolitan area were $2.5 billion. About 17.5% of the Seattle SMSA labor force is employed by retail and wholesale firms.

From its strategic location on Puget Sound, Seattle has developed as a world trade center. It is currently the leading west coast port in overland common point imports from Japan. Puget Sound, an arm of the

Pacific, extends 200 miles east and south into western Washington, providing excellent deep water harbors and ready access to major inland transportation routes. The Port of Seattle provides shipping facilities along nine miles of the city's harbor and also operates the Seattle-Tacoma International Airport. The harbor serves 55 ocean and coastal lines. Products and commodities from industries of Washington and other states are shipped from Seattle to nations of the Pacific rim, as well as to other ports of the world, while imports are of even greater importance. Waterborne exports in 1969 were valued at $195 million and imports at $496 million. Total employment directly related to the Seattle Harbor and Airport is reported to be 37,400.

Shipments of unmilled wheat, the leading export, were valued at $43.6 million; shipments of aluminum imports at over $18 million and shipments of dried peas at $9.9 million. The value of imports through the Port of Seattle during 1969 consisting largely of manufactured goods, such as automobiles, radios, television sets and phonographs exceeded $496 million.

Seattle is also the educational and cultural center of the state. The University of Washington, with 33,000 students, is the 15th largest university campus in the country and is located here. Finally, the city has such attractions as the Pacific Science Center, the Seattle Symphony, the 74-acre Seattle Center (left as a cultural and amusement development from the 1962 World's Fair), and many entertainment, tourist and convention facilities.

Banks in the City of Seattle

There are 11 commercial banks in Seattle with 110 banking locations, and $1,706,554,000 in total deposits. Four of the state's five largest commercial banks have their head offices in Seattle. The following schedule shows the banks, total Seattle deposits, number of banking locations and percent of Seattle deposits.

Bank	Total Deposits[1] (000)	Total Offices[2]	Offices in Seattle	Percentage of Seattle Deposits
Seattle-First National Bank	$634,675	143	32	37.2%
The National Bank of Commerce	423,801	100	29	24.8%
Peoples National Bank of Washington	201,155	47	16	11.8%
Pacific National Bank of Washington	177,270	60	15	10.4%
The Bank of California	112,034	N/A	1	6.6%
Seattle Trust and Savings Bank	95,901	20	7	5.6%
Canadian Imperial Bank of Commerce	35,348	N/A	1	2.1%
Old National Bank	12,543	43	2	.7%
Commercial Bank of Seattle	10,459	2	2	.6%
Liberty Bank	3,368	1	1	.2%
Bank of Tokyo, Ltd.[3]	N/A	N/A	1	N/A

[1]Seattle Deposit figures as of 6-30-70.
[2]Number of offices as of 11-15-70.
[3]Agency only. Does not accept deposits.
N/A=Information not applicable, or not available.

NEED FOR STATE WIDE BANKING

As noted previously, Seattle is commercially dominant over all of western Washington, with the exception of the southwestern section that has close geographic and commercial ties to the nearby city of Portland, Oregon. In addition to its major banks, Seattle is also the regional headquarters for many large national corporations, and major business service facilities of all types. Seattle newspapers are circulated throughout most of western Washington, and Seattle television stations are received over the same area. Principal transportation and communications facilities have Seattle headquarters. While state agencies have their chief offices in the state capital of Olympia, 60 miles to the south, federal agencies have important regional offices in Seattle, often covering several states from the Seattle location.

While Spokane is the principal commercial center for eastern Washington, Seattle also has important relationships with eastern Washington, often by way of Spokane. Major national corporations and federal agencies with regional headquarters in Seattle usually cover eastern Washington from the Seattle office; in some cases through subsidiary offices in Spokane. Small manufacturing and service companies, located in the Seattle area primarily to take advantage of the metropolitan markets, also serve many customers in eastern Washington. Several utility companies serve all parts of eastern Washington from Seattle headquarters. Resource-based companies, such as wood products and food processing firms, often have headquarters and some operations in western Washington and additional operations in eastern Washington. Finally and perhaps most importantly, a large part of eastern Washington agricultural production, especially grain destined for Asiatic ports, is shipped out through Seattle port facilities.

These factors emphasize the need for a banking system with representation in both Seattle and Spokane. Conversely, they emphasize the disadvantage at which banks without such representation operate.

SPOKANE

The city of Spokane is located at a bend of the Spokane River, which approaches the city from the east and flows out of the city to the north. The river is joined at the city by Latah Creek, flowing from the south. The north-south valley formed jointly by the river and the creek delineates a sharp division between a high plateau to the west and rolling hills to the east, and generally indicates the western edge of the city. Through the eastern hills another major valley is formed by the eastern sector of the river, leading toward the Idaho border some 18 miles away. It is in this latter valley, an important route for transcontinental railroad lines and highways, that the principal development of the metropolitan area has taken place.

The central business district of the city is located on the south side of the river, immediately to the east of the river bend. Major industrial and population concentrations are located in the valley further to the east. The city has also spread several miles both north and south from the central business district. It is in these northern and southern extensions that newer residential areas and commercial developments are to be found.

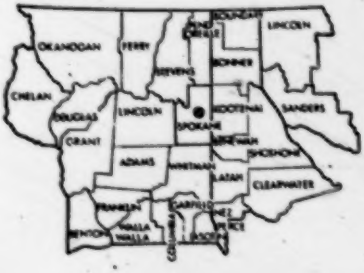
Preliminary data from the 1970 census indicate that Spokane retains its ranking as the second largest city in Washington with a population total of 170,516, a decrease of 11,092 from the 1960 figure of 181,608. Spokane County population increased by 3.3% from 278,333 to 287,487 during the same time period. Population growth in Spokane County from 1940 to 1960 was 69%, compared with 85% for the Seattle SMSA.

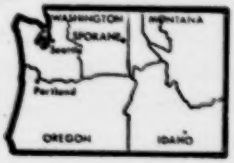
The economic influence of the city of Spokane reaches far beyond the borders of Spokane County. The city has developed as the center of a regional trade territory popularly known as the Inland Empire, encompassing portions of four states and bounded by major mountain ranges. The Inland Empire extends from the Canadian border south to the Blue Mountains in

northern Oregon, and from the eastern slopes of the Cascades in Washington to the western slopes of the Rockies in Montana. Thirty-six counties are included in this area containing 1,156,000 people.

For the purpose of this brief, the Spokane Trade Area is more narrowly defined to include a region of only 27 counties in three states with a total population of 819,955. This area is indicated by the following sketches. It includes 17 of the 20 Washington counties lying east of the Cascades, together with eight counties in northern Idaho and two counties in northwestern Montana. Determination of this area was based upon a 1967 survey by a Spokane daily newspaper, indicating counties that generated a significant amount of retail patronage for Spokane stores. Three Washington counties have been added to those indicated by the newspaper, to allow for known major economic relationships. In Washington, the resulting Trade Area includes the Spokane County, Upper Columbia, Columbia Basin, Two Rivers, Northeastern and Southeastern Economic Regions as indicated on Map No. 2. East of the Cascade Mountains in Washington, the Trade Area excludes only the two counties of the Yakima Valley Region.

The Trade Area is indicated on the map below.





The importance of the city of Spokane to this vast area can be made clear from many types of evidence. Metropolitan newspaper circulation is dominated by Spokane dailies in all of the seventeen Washington counties as well as in those parts of Idaho and Montana included in the previously defined Trade Area. Spokane television stations are received throughout the Trade Area. Numerous distribution activities covering all or most Trade Area counties are headquartered in Spokane; this factor is demonstrated by the exceptionally high level of wholesale and retail trade employment in Spokane County. The large number of regional offices of federal and state government agencies located in Spokane provide further indication of the regional significance of the city.

Agriculture in the Trade Area is of major importance; agricultural income approaches a half-billion dollars annually. Included in the Trade Area are the major Washington wheat-growing regions and irrigated sectors of intensive agriculture in central Washington. In addition, the ten Idaho and Montana counties included in the Trade Area contain wheat lands and diversified farming sections.

The Trade Area contains important mining districts. The Coeur d'Alene mining district in Idaho, 90 miles southeast of Spokane, and the northeast economic region of Washington, adjacent to Spokane County, are the principal areas of production. The rich deposits of the Coeur d'Alene district make Idaho the nation's leading producer of silver and important in lead and zinc production. Lead and zinc are also the principal ores produced by the mines of northeastern Washington. The majority of firms with stock traded on the Spokane Stock Exchange are directly involved with mining activities in the Trade Area mostly in northern Idaho. The U. S. Bureau of Mines and the U. S. Geological Survey have major regional offices in Spokane.

The extensive forests and mills of the Trade Area form another important economic resource. The forest products industry normally supports

a payroll of over $100,000,000 annually distributed among 22,000 workers. The majority of forested acreage is in the states of Idaho and Montana, with a lesser amount in northeastern Washington. Lumber and wood products companies manufacture a variety of products, including plywood, prefabricated housing units, laminated beams and paper products.

Spokane is linked to points throughout the Trade Area by several transportation systems. A relatively low regional population density coupled with considerable distances between intra-regional population centers has made an extensive and efficient transportation network of prime importance. The city is a point of convergence for northern transcontinental rail lines that cross the Inland Empire, and north-south lines to Canada and Oregon. Three major airlines and two small regional lines operate from Spokane International Airport. Twenty-five trucking lines carry Inland Empire commodities to and from Spokane distribution points, along six major U. S. and state highways.

Centrally located in the Trade Area, Spokane has become the focal point for wholesale and retail trade. In 1969 there were 23,100 persons or 22.5% of Spokane County's total employment engaged in wholesale and retail trade, compared with 19.5% in the Seattle SMSA or 18.8% for the U. S. total. Total Spokane County retail sales volume reached $473 million in 1967, while wholesale trade in 1967 was $675 million.

Manufacturing industries in Spokane County employed 13,400 in 1969 or 13% of total county employment. Primary metals production led with 4,400 employees, followed by food processing, lumber and wood products, printing and publishing. Smelting, refining and casting operations for aluminum and ferroalloys are important in the primary metals industry. The agriculture of the Trade Area is a major source of supply for processing industries in Spokane County.

The communications industry is an important economic activity in Spokane. As indicated above, Spokane daily newspapers and television stations dominate much of the communications media of the Inland Empire. Correspondingly, advertising agencies and other related service industries are concentrated in the city.

With location of the regional agencies cited above, federal and state government employment is important in the local economy. Total government employment in Spokane County in 1969 was 16,900 or 16.4% of total employment.

Spokane is the home of Gonzaga University, a leading Catholic institution with enrollment of 2,600, and several smaller private and community colleges. Washington State University, located in Pullman 75 miles south of Spokane, has an enrollment of 14,500. Eastern Washington State College, located in Cheney 18 miles southwest of Spokane, has an enrollment of 6,300.

There are 6 commercial banks in Spokane with 34 banking locations and $400,228,000 in total deposits. The following schedule shows the banks, total deposits, number of banking locations and percent of Spokane deposits.

SPOKANE COMMERCIAL BANK DEPOSITS

	Deposits 6-30-70 (000's)	No. of Offices in Spokane	Percent of Spokane Deposits
Old National Bank of Washington	$139,968	12	35.14%
Seattle First National	122,005	4	30.63
Washington Trust Bank	73,048	7	18.34
First National Bank of Spokane	33,563	5	8.43
Pacific Nat'l Bank of Washington	20,865	2	5.24
American Commercial Bank	8,832	3	2.22
Total	$398,281	33	100.00%

The following schedule shows the comparative growth of commercial banks in Spokane.

DEPOSIT GROWTH - SPOKANE BANKS

DEPOSITS
(000's)

	12-31-67	12-31-69	6-30-70
Old National Bank of Washington	$139,407	$148,943	$139,968
Seattle First National	136,626	130,383	122,005
Washington Trust Bank	71,370	78,564	73,048
First National Bank of Spokane	33,252	34,342	33,563
Pacific Nat'l Bank of Washington	13,869	11,101	20,863
American Commercial Bank	5,276	7,925	8,832
Total	$399,800	$411,258	$398,281

PERCENTAGE

	12-31-67	12-31-69	6-30-70
Old National Bank of Washington	34.87%	36.22%	35.14%
Seattle First National	34.17	31.70	30.63
Washington Trust Bank	17.85	19.10	18.34
First National Bank of Spokane	8.32	8.35	8.43
Pacific Nat'l Bank of Washington	3.47	2.70	5.24
American Commercial Bank	1.32	1.93	2.22
Total	100.00%	100.00%	100.00%

FINANCIAL HISTORY AND CONDITION OF THE TWO BANKS

Washington Trust Bank

The Washington Trust Bank was organized under the laws of Washington and opened for business on November 3, 1902. For the first forty-eight years of its operation the bank had no branches, operating only one office in downtown Spokane. In November, 1950, a drive-in facility was opened to serve its downtown head office. In 1957 the bank started branching within greater Spokane. It now has seven offices in downtown Spokane, including its head office, and one branch in Opportunity, Washington, a residential suburb six miles east of Spokane.

During its sixty-eight year history, Washington Trust has not been a party to any merger, consolidation, or acquisition by purchase of assets.

As of June 30, 1970, Washington Trust had total deposits of $74,995,720, total loans of $54,398,417, and capital of $10,378,168.

Washington Trust is primarily a commercial bank having 70% of its loan portfolio in business loans. Excluding real estate mortgage loans for business purposes, commercial loans to businesses still constitute 38% of total loans. This total excludes agricultural loans and other loans to individuals that are normally classified as commercial loans. When including this type of loan, the total business orientation of the bank becomes even more evident.

The majority of the business loans are to establishments within the city of Spokane. However, these businesses, as indicated in the economic section of this report, serve the whole Inland Empire and therefore the economic effects of the loans extend into the Idaho Panhandle and western Montana. This is particularly true in one area of lending in

which Washington Trust has gained a particularly good reputation: namely, the production, warehousing and brokering loans it makes to the forest products industry.

Forest products borrowers represent 23% of the business loan portfolio, a figure that indicates the bank's position in financing this industry. However, for the future of the bank, this specialization has some unfavorable characteristics. Consolidation of firms in the forest products industry and the need for more capital investment to modernize plants have created a need for larger loans to finance these companies. 40% of the bank's forest product loans require participation by other banks because of their size or are lines to national firms in which the bank has only a small portion of the total credit.

Another area of expertise of Washington Trust is in financing general contractors. A combination of these two major categories, general contractors and forest products, account for 30% of its business loans. The balance of the business loan portfolio is made up of loans to manufacturing, distribution and retail firms in the service area.

The schedule of loans placed during the calendar year 1969 is shown below.

Loans Placed by Washington Trust
Calendar Year 1969

Customer	Total Debt	Amount Carried By Washington Trust
Hughes & Company	$ 237,500.00	$ 137,500.00
Idapine Mills	2,525,000.00	1,275,000.00
Pack River Company	3,775,000.00	1,275,000.00

The first name listed in the above schedule, Hughes & Company, relates to a loan which did not exceed the legal lending limit of Washington Trust during 1969. However, when the customer was solicited,

there was the possibility of developing an outstanding long range relationship which could require credit in excess of the bank's available loan funds. Through the efforts of a cooperating correspondent bank the account was obtained and funds made available through an overline. It is expected larger amounts of credit will be used in future years.

The preceding schedule does not indicate the business lost because of loan limits but only those accounts that were maintained because of the expertise of Washington Trust in the forest products industry or because of good correspondent bank relationships.

It is often difficult to be specific in determining why a customer's loan relationship is closed. However, it is not too difficult to assess the attitude of a bank which must rely on a correspondent bank relationship to service a customer when competing with a bank which can individually meet the total credit needs of a large borrower. That attitude must necessarily affect the competitive position of Washington Trust in the Spokane market when competing with major statewide banks.

The primary service area of Washington Trust has been: for deposits the city of Spokane; for loans the city of Spokane, the suburbs east of Spokane and Northern Idaho. 74% in number and 75% in dollar amount of deposits originate with customers whose addresses are within the corporate limits of Spokane. An additional 17% in number and 13% in dollars are from customers within the suburban limits of Spokane. Therefore, 91% in number and 87% of dollar deposits originate in the metropolitan area of the city of Spokane. 42% of all deposits are demand deposits and 58% are interest bearing deposits. 44% of interest bearing deposits are higher bearing certificates. It is apparent that Washington Trust has had to rely on the higher yielding interest bearing instruments to make funds available to service its commercial borrowers.

Geographic distribution of commercial loans indicate 68% of number and 53% of dollar amount of commercial loans were to firms whose addresses are within the city limits of Spokane. An additional 16% of number and 21% of dollar amount were within the Spokane suburban limits. The rest of Eastern Washington to the Cascades accounts for 11% in number and 14% of dollar amount. Northern Idaho accounts for 2.5% of number and 7.5% of dollar amount, with the balance distributed throughout the rest of the United States.

The following table summarizes the geographic distribution of Washington Trust's deposits and loans:

WASHINGTON TRUST BANK
November, 1970

	DEPOSITS		LOANS	
	% of Number	% of Amount	% of Number	% of Amount
Spokane - City	73.55%	74.57%	54.01%	51.12%
Spokane - Suburbs(Map #3)	17.11	12.78	22.18	22.52
Spokane County - South	00.60	00.58	01.25	01.12
Spokane County - East	01.50	00.89	02.06	00.94
Spokane County - North	01.10	00.33	01.33	00.48
Northern Idaho	01.01	02.14	05.18	09.64
Montana	00.18	00.39	00.83	00.19
	95.05%	91.68%	86.84%	86.01%
Balance of U.S. & Foreign	4.95	8.32	13.16	13.99
	100.00%	100.00%	100.00%	100.00%

Commerce, with broad representation in most areas of Washington, particularly in those areas which are deposit generating, could bring additional funds to the city of Spokane if this merger is approved. At the same time, Commerce with an office in Spokane, would be in a stronger competitive position for the deposit relationships of national accounts by being able to offer the services of a truly statewide banking institution. Commerce, with its international representation, could also provide to the distributing companies of Spokane financial assistance and contacts for foreign shipments, tying closer together the principal Washington cities of Spokane and Seattle.

The National Bank of Commerce of Seattle

The National Bank of Commerce of Seattle was originally incorporated as "Bank of Commerce" in 1889 under the laws of Washington. In 1890 it was converted to a national bank and its name changed to "The National Bank of Commerce of Seattle". In 1906, Washington National Bank was merged into Commerce. In 1929, Marine National Bank was merged into Commerce. In 1929, the National City Bank of Seattle was merged into Commerce.

Prior to 1933, Washington prohibited branch banking. In that year, legislation was adopted authorizing branch banking by acquiring existing banks. Branches were also authorized de novo in cities where a bank has its principal place of business, in unincorporated areas in the county where a bank has its principal place of business, and in incorporated cities or towns without a bank.

Since 1933, Commerce has established numerous branches and now operates 29 branches in the city of Seattle and 71 branches outside Seattle. Map No. 1 hereto attached shows the location of its banking offices in Washington.

In 1964, Commerce created a subsidiary under the Edge Act. That corporation now owns and operates five branches in Hong Kong, B. C. C. In 1968, a branch of Commerce was established in London, England, and in 1969 a second Edge Act subsidiary was established which maintains its headquarters in New York City.

As of June 30, 1970, Commerce and its Edge Act subsidiaries had total deposits of $1,235,137,073, total assets of $1,455,554,631 and total loans and discounts of $731,040,241.

Commerce is a well-diversified bank offering a full range of banking services. Commercial loans, including those to agriculture, account for 53% of total loans, with a good percentage of these in small and medium size farm and commercial loans. The balance of the loan total is primarily retail in nature, with real estate loans, largely single family residential loans, representing 28% and installment loans accounting for 19% of the total.

Commerce has grown satisfactorily and through retained earnings has increased its capital base sufficiently to take care of the majority of locally based companies. Following is a list of loan participations placed during 1969:

	Loans Placed by Commerce Calendar Year 1969	
Customer	Total Debt	Amount Carried by Commerce
I. P. Callison & Sons	$5,500,000	$4,500,000
Whitney-Fidalgo Seafood	6,500,000	4,500,000
Alaska Lbr & Pulp Co. (Int'l)	5,000,000	1,667,000

Consolidations and mergers of local companies have been a major factor in creating a need for loan participations. Acquisitions of local firms by national companies have been common in recent years, resulting in the bank losing a predominant position in serving these companies. Nevertheless, because of its accumulated capital base, Commerce has usually

maintained a participation in the financing of these companies.

The deposit structure is also well diversified with 57% of domestic deposits in passbook savings and time deposits and 43% in demand deposits. 53% of Commerce's interest bearing deposits is represented by passbook savings deposits.

Since Seattle is the trade center of western Washington, a large percentage of Commerce's business is concentrated in the Seattle area. Commerce has 100 domestic banking offices. 29 offices are located within the Seattle city limits and an additional 22 are located in the suburbs of the city within commuting distance. 21 other offices are located elsewhere in western Washington. The bank is represented in 12 of the 20 counties in the western part of the state through 72 offices.

In spite of this broad coverage, Commerce is not represented in two of the major cities in the western part of the state. The third largest city in the state is Tacoma, which is located 30 miles south of Seattle in Pierce County. Commerce does not have a branch in Tacoma or in Pierce County. The principal city of Snohomish County, just north of Seattle, is Everett, the fifth largest city in the state. Commerce does not have a branch within that city's corporate limits, and has only two branches in Snohomish County.

In central and eastern Washington, Commerce has 28 branches in 17 of the total 19 counties. Except for branches in four larger communities in the central part of the state, these branches are primarily in small farming communities. The major city of eastern Washington is, of course, Spokane, and as indicated previously, Commerce does not have a branch in that city.

Commerce's markets may, therefore, be described as Seattle, and those portions of western Washington which look to Seattle as their

financial and trade center, with the balance of the market dispersed among smaller communities throughout the state. As indicated, Commerce is not represented in either Spokane or Tacoma, the second and third largest cities in the state. While two branches of Commerce are located within Spokane County, they represent only 6/10 of one percent of the bank's total business, are primarily limited to the cities served and are hardly competitive with Washington Trust. Further reference will be made to these two branches in the competition section of this report.

Acquisitions by Commerce during the Past Five Years

During the past five years, Commerce has acquired the assets and assumed the liabilities of two state banks, both of which were converted into branches of Commerce. The business of the Grandview Security Bank was acquired and the Grandview Branch established on January 26, 1968. The business of The State Bank of Wilbur was acquired and the branch established on November 30, 1969.

Grandview Security Bank had total deposits of $3,407,848 and loans of $1,634,232. When acquired, the bank was competing with local branches of Old National Bank of Washington, Spokane, now a statewide commercial bank, and Washington Mutual Savings Bank, a statewide mutual savings bank. The Grandview bank was handicapped by small size and a low lending limit in comparison to its major commercial bank competitor and the ownership was facing serious management succession problems.

The State Bank of Wilbur had total deposits of $8,505,000 and loans of $6,057,000 at the acquisition date. While there was no banking competition within the confines of the city of Wilbur, the State Bank of Wilbur was in competition, throughout Lincoln County, with major branch banking institutions. Therefore, because of its small size and low lending limits, it was at a disadvantage in relation to these major competitors. Furthermore, ownership of the bank was leaving the bank, creating a serious management succession problem.

At both Grandview and Wilbur, Commerce has been able to enhance competition, increase the variety of banking services offered at competitive rates, furnish competent management and better serve the credit requirements of the community, especially the larger farming enterprises.

Management Resources of Commerce and Washington Trust

Neither Commerce or Washington Trust has any present management problems. Both banks have management training programs. Commerce's management is listed in Appendix "D". Washington Trust's management is listed in Appendix "E". If this application is approved, management at Washington Trust will join forces with management at Commerce. The combined personnel of the two banks will provide Commerce with an additional supply of young and vigorous executive talent.

Competition of Commerce with other Major Banks

Over fifteen percent of Commerce's deposits originate with overseas branches in competition with major International Banks. New York banks, such as Chase Manhattan Bank and First National City Bank of New York, are now actively engaged in soliciting accounts of major corporations domiciled in the state. The larger California banks such as Bank of America, Security Pacific National Bank and Wells Fargo Bank also compete for the relationship of Washington companies. In the city of Vancouver, Washington, along the Oregon border, the major Portland banks, First National Bank of Oregon and U.S. National Bank of Oregon, offer strong competition to Washington financial institutions.

Commerce competes in the state of Washington with Seattle First National Bank, the largest commercial bank in the state, Pacific National Bank of Washington, third largest bank in the state, and Washington Mutual Savings Bank, the largest mutual savings bank in the state. All of these banks are headquartered in Seattle, the financial capital of the state.

Commerce is not only without a branch in Spokane but neither has it a branch in Tacoma the state's third largest city or Everett the state's

fifth largest city as indicated by the following chart.

MAJOR CITIES SERVED BY
STATEWIDE COMPETING BANKS

Bank	Seattle	Spokane	Tacoma	Everett
Seattle First National Bank	X	X	X	X
National Bank of Commerce	X			
Pacific National Bank of Washington	X	X	X	X
Peoples National Bank of Washington	X		X	X
Old National Bank of Washington	X	X		
Washington Mutual Savings Bank	X	X		

The following chart shows the relative deposit growth of some of the major financial institutions in the state.

DEPOSIT GROWTH - WASHINGTON BANKS

DEPOSITS
(000's)

Bank	12-31-65	12-31-67	12-31-69
National Bank of Commerce	$759,364	$937,183	$1,033,368
Seattle First National Bank	1,261,242	1,549,790	1,735,759
*Pacific Nat'l Bank of Washington	439,577	582,197	606,869
Peoples Nat'l Bank of Washington	297,358	365,154	385,208
Old Nat'l Bank of Washington	206,058	252,505	269,055
Washington Trust Bank	59,071	71,772	80,293
Other Commercial Banks	961,575	1,192,333	1,319,618
Washington Mutual Savings Bank	473,602	605,322	719,065
Fidelity Mutual Savings Banks	163,082	179,496	205,020
Other Mutual Savings Banks	150,943	193,486	269,999
Total	$4,771,872	$5,929,238	$6,624,254

PERCENTAGE

Bank	12-31-65	12-31-67	12-31-69
National Bank of Commerce	15.91%	15.80%	15.60%
Seattle First National Bank	26.43	26.14	26.80
*Pacific Nat'l Bank of Washington	9.21	9.82	9.16
Peoples Nat'l Bank of Washington	6.23	6.16	5.82
Old National Bank of Washington	4.32	4.26	4.06
Washington Trust Bank	1.24	1.21	1.21
Other Commercial Banks	20.15	20.11	19.92
Washington Mutual Savings Bank	9.93	10.21	10.86
Fidelity Mutual Savings Bank	3.42	3.03	3.09
Other Mutual Savings Banks	3.16	3.26	4.08
Total	100.00%	100.00%	100.00%

*Combined figures of Pacific National Bank, Seattle and National Bank of Washington, Tacoma - merged 8-17-70.

Not withstanding its competitive disadvantage because of its lack of representation in these major cities Commerce has barely maintained its relative percentage of deposits. However, it is evident that the dollar amount of difference between it and Seattle-First National is increasing.

The city of Spokane is the financial and trade capital of the Inland Empire and an exceedingly important city for proper representation in eastern Washington, northern Idaho, and western Montana. National and international companies which have representative offices in Seattle obviously would prefer to bank with that bank which also has branches in Spokane in order to have proper financial representation throughout the state and the Pacific Northwest. Furthermore, local companies, in order to properly serve the needs of customers throughout the state prefer to deal with a bank which has a good representation in Spokane.

Other Competing Financial Institutions

Mutual Savings Banks

Washington is one of the few states west of the Eastern Seaboard, where mutual savings banks are an important banking factor. Washington Mutual Savings Bank, headquartered in Seattle is the largest mutual savings bank west of the Mississippi River. As of June 30, 1970 it had total deposits of $740,081,000. Fidelity Mutual Savings Bank converted to a mutual savings bank from a savings and loan association on January 2, 1968. It is headquartered in Spokane and as of June 30, 1970, had total deposits of $206 million.

MUTUAL SAVINGS BANKS - WASHINGTON

	Head Office	Number of Branches	Deposits (000's) 6-30-70	Loans (000's) 6-30-70
Washington Mutual	Seattle	23	$740,081	$644,414
Fidelity Mutual	Spokane	13	205,998	175,423
Puget Sound Mutual	Seattle	8	84,287	72,150
United Mutual Savings	Tacoma	5	65,521	56,735
Prudential Mutual	Seattle	3	53,624	45,903
State Mutual Savings	Tacoma	5	30,683	28,631
First Mutual Savings	Bellevue	4	19,585	16,241
Mount Baker Mutual	Bellingham	1	9,752	8,496
Pioneer Mutual Savings	Seattle	1	7,478	7,636
Total		63	$1,217,009	$1,055,629

Washington Mutual Savings Bank is by far the largest of the state's mutual savings banks. In the four-year period from December 31, 1965, to December 31, 1969, Washington Mutual added $245,000,000 to its deposit base. Commerce's deposit base grew by $274 million during the same period. The percentage growth of 50% for Washington Mutual is considerably greater than 36% for Commerce and 36% for all Washington commercial banks.

During the last session of the state legislature, mutual savings banks were granted the following additional powers: family loans up to $5,000 for non-business purposes, limited trust powers, and real estate ownership and development. As a result, Washington Mutual Savings Bank, for example, has been advertising consumer installment loans aggressively. Very importantly, mutual savings banks have the competitive advantage of unrestricted branching powers throughout the state.

As an indication of the importance of those powers, a number of savings and loan associations have been converting their charters to mutual savings bank charters during the past three years. Fidelity Savings and Loan, Spokane, changed to Fidelity Mutual Savings Bank; First Savings and Loan Association in Seattle changed to Pioneer Mutual Savings Bank; and State Savings and Loan Association in Tacoma converted to State Mutual Savings Bank.

Savings and Loan Associations

Although some savings and loan associations have converted their charters to mutual savings bank charters, savings and loan associations are also important competitors in the deposits and mortgage loan markets. Savings and loan associations are well represented in the cities of Spokane and Seattle with four associations having nine offices in the Spokane area and 22 associations having 51 offices in the Seattle area. Three have head offices in Spokane or its suburbs and 15 are headquartered in Seattle. A schedule showing the relative size of the savings and loan associations operating in the state of Washington is given below.

SAVINGS & LOAN ASSOCIATIONS IN WASHINGTON STATE
June 30, 1970

	Assets (000's)	Savings (000's)
Pacific First Federal Savings & Loan, Tacoma	$547,167	$465,038
Lincoln First Federal Savings & Loan, Spokane	218,026	181,711
Yakima Federal Savings & Loan	113,505	86,971
Metropolitan Federal Savings & Loan, Seattle	104,013	83,003
1 other Spokane Savings & Loan Assoc.	12,652	10,599
14 other Seattle Savings & Loan Assoc.	514,935	430,275
42 other Savings & Loan Associations (one of which is headquartered in Oregon)	1,036,845	880,995
Total	$2,547,143	$2,138,592

Pacific First Federal Savings and Loan Association, with its head office in Tacoma, Washington, is the largest savings and loan association in the state and ranks nineteenth nationally. It operates primarily in the Seattle-Tacoma area, with offices in Pierce, King, Whatcom and Cowlitz counties which contain 50.5% of Washington's population. In addition, it has several offices in the state of Oregon. It is larger than all but the three largest commercial banks and Washington Mutual Savings Bank. Its average annual deposit growth has been comparable to the growth of banks in the state of Washington.

Industrial Banks

There are no industrial banks operating in either Seattle or Spokane.

Insurance Companies

Many large insurance companies which offer loan services are represented in the market areas of Commerce and Washington Trust either directly or through mortgage brokerage and servicing firms. Insurance companies have been aggressive competitors for real estate loans and are becoming increasingly competitive in the commercial loan market.

Information is not published on the total dollar amount of mortgage loans made by insurance companies on property located in the state. However a good percentage of these insurance company mortgage loans are serviced by mortgage companies. A summary of the amount of mortgages serviced by these companies gives an indication of their relative importance in making funds available to residents of the state of Washington.

LEADING WASHINGTON STATE BASED MORTGAGE COMPANIES
MORTGAGE SERVICING VOLUME
June 30, 1970

Coast Mortgage Company	$536,670,000
Firstbank Mortgage Company	421,449,000
Northwest Mortgage Company	208,338,000
Sherwood & Roberts, Inc.	184,957,000
Peoples Mortgage Company	174,316,000
Seven other among 300 largest in U. S.	588,566,000
Total	$2,114,296,000

Source: American Banker 10-27-70

In addition to the companies shown on the above chart, Securities Intermountain Mortgage of Portland, servicing mortgage loans of $204 million has branch offices in Spokane and Seattle.

Credit Unions

The combined savings of credit unions in the state of Washington as of December 31, 1969, was $334 million. Credit Unions have been an important competitive factor with commercial banks both in the acquisition of deposits, on which the most common dividend rate was 5.01 to 5.5%, and in the making of consumer loans. An indication of the relative importance of credit unions in the state is shown below.

CREDIT UNION STATISTICS
December 31, 1969

	United States	Washington State
Number of Credit Unions	23,761	405
Number of Members	21,630,958	487,487
Savings	$13,672,774,441	$334,314,104
Loans Outstanding	$12,942,433,595	$327,130,352
Reserves	$ 1,000,609,396	$ 25,371,546
Total Assets	$15,867,683,572	$391,516,909

Source: International Credit Union Yearbook 1970.

As an indication of the relative importance of credit unions in the state, 14.77% of all residents are members as compared to 11.38% in the U.S. Savings per capita were $101 compared to $72 in the U.S. And, of course, that level of competition is magnified in the cities of Spokane and Seattle where the larger employers have the more aggressive and better managed credit unions. 47 credit unions are active in Spokane and 131 in King County.

Finance Companies

The major national sales finance companies are represented in both the Seattle and Spokane areas and compete aggressively on time sales financing. In addition, both the cities of Spokane and Seattle have major

department stores which provide revolving charge accounts. These constitute significant competition for personal loans.

Personal Loan Companies

There were 286 small loan licensees in the state of Washington with 264,420 loans outstanding totaling $143,310,143 as of December 31, 1969. 77 personal loan licensees were located in Seattle and 26 in Spokane.

Factors

There are six factors which maintain offices in Seattle as well as a number of factoring organizations which service the Pacific Northwest but do not maintain local offices. There isn't any factor to our knowledge in Spokane.

Federal Government

A number of direct lending agencies of the federal government are represented in Seattle. Those having regional headquarters in Seattle include the following: Department of Housing and Urban Development, Small Business Administration, and Economic Development Administration of Department of Commerce. In Spokane, however, the federal lending agencies are more active and aggressive in promoting their loan facilities. These include the Farmers Home Administration, Production Credit Association (now called Farm Credit Banks) for short term loans to farmers, Federal Land Bank for term credits to farmers, and the Bank for Cooperatives in the financing of cooperatives.

The advertisement on the next page is an indication of the direct competition these agencies provide. Other advertisements, appearing in trade journals, are not institutional and relate more directly to the specific credit facilities being stressed. Over the past 10 years FCA's

have reportedly increased short term farm loans outstanding by 233% compared to an increase of 114% for commercial banks.(1)

General Competitive Institutions

The relative degree of competition from all of these financial institutions in the specific service areas of Washington Trust and Commerce is difficult to determine because of the lack of information on branch operations. However, to summarize the relative importance of each of these institutions the following schedules are shown:

SAVINGS DEPOSITS
WASHINGTON STATE

Type of Institution		Amount (000) 12-31-69
Commercial Banks (Passbook Savings)[1]		$1,559,573
Commerce	$ 303,135	
Washington Trust	24,432	
Other Banks	1,232,006	
Savings & Loan Associations[2]		2,122,071
Mutual Savings Banks[3]		1,194,084
Credit Unions[4]		333,438
Total		$5,209,166

1. F.D.I.C.; Total Savings & Time Deposits $2,585,734,000.
2. FHLB of Seattle.
3. Reports of Condition 12-31-69.
4. Washington Credit Union League.

(1) T. R. Smith, ABA 19th National Agricultural Credit Conference.

MORTGAGE LOANS
WASHINGTON STATE

Type of Institution		Amount (000) 12-31-69
Commercial Banks		$ 870,576
Commerce	$182,442	
Washington Trust	8,394	
Other Commercial Banks	679,740	
Savings & Loan Associations		2,497,186
Mutual Savings Banks		
Major Mortgage Loan Companies		1,452,699
Total		$4,820,461

CONSUMER LOANS
WASHINGTON STATE

Type of Institution		Amount (000) 12-31-69
Commercial Banks		$ 842,771
Commerce	$128,918	
Washington Trust	13,940	
Other Commercial Banks	699,913	
Credit Unions		327,130
Small Loan Licensees		143,310
Total		$1,313,211

As indicated by all of the preceding data, there are a great number of competitive forces for the deposit relationships of individuals, corporations and municipalities as well as wholesale and retail loans. Since each bank operates in a major center within the state of Washington, it is apparent that the competition of those financial institutions recited previously are indeed competitive factors for both banks. It would appear that the proposed merger will not lessen the competition with these other financial institutions but, because the resulting bank would be closer to a statewide institution, it should be more competitive with those statewide banks that are currently represented in Spokane as well as the other financial institutions which are not restricted by a limited bank branching law.

Existing and Potential Competition
Between Washington Trust and Commerce

Commerce and Washington Trust are not now, nor have they ever been, in any substantial competition in any relevant market area. Both banks operate in separate geographic markets. The main offices of the two banks are 284 miles apart. Commerce has two branches in Spokane County, one in Deer Park and the other in Medical Lake. Neither makes any effort, by advertisement in Spokane papers or other media, to attract Spokane business. Both the Commerce branches are comparatively small and well separated geographically from the closest branches of Washington Trust.

Deer Park is about 22 miles north of downtown Spokane. Medical Lake is about 15 miles west of downtown Spokane. Both are incorporated areas, which precludes Washington Trust from establishing a branch de novo in either town. According to the 1970 census, the population of Deer Park is 1,291, and total deposits in the Deer Park branch of Commerce on June 30, 1970, were $4,536,000. As of the same dates, the population of Medical Lake was 3,489 and total deposits in the Commerce branch in Medical Lake were $3,861,000.

To determine the extent of competition between Commerce and Washington Trust by reason of these two branches, the residential address of all depositors and borrowers at each branch was checked. For this purpose the depositors and borrowers at the two branches were combined as representing a single bank. The study revealed the following statistics:

> 6% of all depository accounts at the two branches and 5% of the dollar totals at the two branches show addresses within the city limits of Spokane. These depository accounts represent less than 1/10 of 1% of Commerce's total deposits.

Depositors at Washington Trust whose addresses use postal zip codes of Deer Park or Medical Lake represent:

0.43% of number and 0.24% of dollar demand deposits

0.23% of number and 0.30% of dollar passbook savings accounts

0.41% of number and 1.75% of dollar savings certificates

1.04% of number and 0.79% of dollar master savings certificates

1.59% of number and 0.66% of dollar certificates of deposit.

In summary, less than 1% of the depository accounts of either bank originate within the boundaries of the city or town occupied by the other.

Comparison of lending relationships produce comparable results:

Loans made by either the Deer Park or Medical Lake branch of Commerce to borrowers with an address in the city of Spokane are as follows: (Shaded areas in Map 3)

7.69% of number and 5.83% of dollar amount of commercial and agricultural loans

9.20% of number and 8.65% of dollar amount of installment loans

5.60% of number and 4.61% of dollar amount of real estate mortgage loans.

Total loans from the two branches to borrowers residing in Spokane represent less than 1/10 of 1% of Commerce's loans.

Loans by Washington Trust to residents of Deer Park or Medical Lake are as follows:

0.24% of number and 0.26% of dollar amount of commercial loans

1.23% of number and 4.53% of dollar amount of installment loans.

There aren't any real estate mortgage loans by Washington Trust to residents of either Deer Park or Medical Lake.

With respect to potential competition, Washington's restrictive branch banking laws preclude the possibility of any significant competition developing between the two banks. Commerce cannot establish a branch de novo

in Spokane and Washington Trust cannot establish a branch de novo in Seattle, Deer Park or Medical Lake.

It is submitted that competition between the two banks, either actual or potential, is not substantial, and to the extent it does exist, the anti-competitive effects are outweighed by the benefits accruing to the community to be served.

Convenience and Needs of the Community to be Served

The following are submitted as some of the benefits that will result from the proposed combination of the two banks:

1. The proposed combination of the two banks would provide more effective mobilization of their financial resources.

A. Washington Trust does not participate to any great extent in real estate mortgage loans, either agricultural or residential. Commerce is one of the 10 largest lenders in the United States in extending agricultural credit and is active in residential mortgage lending. In eastern Washington, and within the Spokane trade area, the loan to deposit ratio of Commerce is only 60%, compared to 67% for the bank in all areas. On merging Washington Trust, Commerce could divert to Spokane funds from its other branches and thus enable the bank to compete in servicing the real estate mortgage and other credit needs of Spokane.

B. Washington Trust has not participated in the financing needs of the mining industry which forms a sizeable part of the economic base of northern Idaho and those portions of Western Montana which look to Spokane as its financial base. With a larger capital base and broader expertise in banking functions, Commerce would be able, through the enlarged bank, to offer its services to the mining industry and otherwise assist in the economic development of Spokane and the Inland Empire.

Spokane is a capital deficit area and needs the importation of funds for growth and development of the city and the marketing area which it services. Commerce is in a position to make additional funds available for the credit needs of the area.

2. The proposed combination of the two banks would improve the quality of certain services now offered by Washington Trust.

A. Washington Trust offers a data processing service, but only on a limited basis. It is not competitive with the data processing service offered by other banks in the area. Commerce offers a complete data processing service, and under the proposed merger, accounts receivable, payroll accounting, and other data processing would be available to Washington Trust customers.

B. Commerce offers a complete investment service and tax counsel for trust customers. These more comprehensive services would be available to augment the services now offered to trust customers of Washington Trust.

C. Smaller banks throughout the eastern Washington market would benefit from another major bank in Spokane offering correspondent bank services in international banking, investment, data processing and credit.

D. Commerce offers an Economic Opportunity Loan Program to members of minority groups. This program would be made available to the Spokane area.

3. The larger bank would materially increase competition among banks providing services in the community.

A. Commerce's position to compete with Seattle-First National Bank, the state's largest commercial bank, and with Pacific National Bank of Washington, the state's third largest commercial bank, would be materially improved. Both of these competing banks already have branches in Spokane.

Commerce, to be competitive with these major competitors, needs representation in Spokane and the trade area of which Spokane is the center. National accounts are important to a commercial bank. It is becoming increasingly more important for commercial banks to increase their lending limits and offer services in the various metropolitan areas of the state to attract these accounts. If Commerce is to maintain its present relative position with its competitors and maintain the business of its major national customers, Commerce must have representation in Spokane, the state's second largest city.

B. On entry into Spokane, Commerce would also offer increased competition to Washington Mutual Savings Bank and Fidelity Mutual Savings Bank, and the savings and loan associations now offering mortgage loans to Spokane area residents.

4. A merger of Washington Trust and Commerce would improve the competitive position of other banks headquartered in Spokane to attract new deposits.

If Washington Trust were merged with Commerce, Washington Trust could not, under existing Washington law, establish any more de novo branches in Spokane. Consequently, other banks now headquartered in Spokane, by establishing de novo branches, would enhance their competitive position to attract Spokane depositors.

5. The acquisition would enhance the ability of Commerce to compete more vigorously in international banking and provide additional services to those engaged in international trade.

Commerce conducts an international banking business with two Edge Act corporations maintaining five offices in Hong Kong, one in New York, one in London, and business offices in Singapore and Tokyo. Deposits in foreign branches, as of June 30, 1970, totaled $211,458,930. Loans totaled $49,655,049. Size is of great importance in international banking, because

of the need for specialized experts and the desirability of opening more foreign offices. The bank's borrowing capacity of foreign funds is related to the bank's capital.

The increase in the financial base of Commerce resulting from its merger with Washington Trust will enable Commerce to increase its operations in foreign commerce, extend this service to the Spokane area, and become more competitive with other banks offering a foreign banking service.

6. Combining the two banks will provide additional opportunities for advancement to the employees of both.

In considering the needs and convenience of the community to be served, the effect of the enlarged bank on the morale of bank employees should not be overlooked. The larger the bank and its service activities, the more chance for an employee's individual advancement and promotion. Commerce follows a prescribed program to attract and retain personnel capable of steadied advancement. Qualified employees are encouraged to attend the bank's training programs. The personnel of Washington Trust joining Commerce will have the benefit of the Commerce programs. Employee benefits include health and life insurance plans, educational assistance, retirement benefits, and paid vacations.

CONCLUSION AND SUMMARY

STATEMENT OF POSITION

In conclusion, the position of the applicants may be summarized as follows:

Washington is a large state geographically and has within its borders in need of banking service, a large diversity in population, agriculture, business and industry.

The Cascade Mountains which traverse the state from north to south divide the state into two separate economic areas.

Commerce operates principally in the western part of the state. Washington Trust operates principally in the eastern part of the state.

Commerce is engaged in a statewide banking service, but is without a branch in the city of Spokane, the state's second largest city, and because of the state's restrictive banking laws cannot establish a branch in Spokane except by acquiring an existing bank. If Commerce is to complete its statewide banking service and keep its relative position with its statewide competitors, Commerce should be properly represented in Spokane. The proposed merger would provide the desired representation.

Washington Trust serves Spokane County, but mainly the city of Spokane. Its banking business is heavily oriented toward commercial loans to Spokane area customers in certain limited and specified industries. It does not have adequate capital to retain this business and because of its limited capital is at a competitive disadvantage in acquiring new business. The proposal to join its forces with Commerce would provide the additional capital needed to adequately service its existing customers, expand its services into areas not presently serviced, and become more competitive in acquiring new business.

Competition between the two banks is not substantial. Commerce branches in Spokane County at Deer Park and Medical Lake provide less than 1/10 of 1% of Commerce's deposits. The towns of Deer Park and Medical Lake provide Washington Trust with less than 6/10 of 1% of its deposits.

Potential competition between the two banks will not develop to any significant degree because of the state's restrictive banking laws.

The proposed acquisition will not lessen competition; on the contrary, it will increase competition in Spokane and elsewhere because of the entry into Spokane of another statewide bank to compete with the three other banks already in Spokane and operating on a statewide or semi-statewide scale.

It is submitted the proposal is in the public interest and should be approved.

GX L-2

APPENDIX B

Economic Regions of Washington

For planning purposes, Washington has been divided by state agencies into thirteen regions based on factors of economic geography. (See Map #2). As relatively homogeneous entities, these regions provide helpful keys for further analysis of the economy of the state. They are briefly discussed here, together with notations on their respective major financing requirements.

It should be noted that the first six regions listed are west of the Cascades, while the last seven are to the east. Of the western group, all but #6 (Lower Columbia Region) have principal commercial relationships with the city of Seattle, while the Lower Columbia Region is dominated by Portland in Oregon. Similarly, of the seven eastern regions, six have principal commercial relationships with the city of Spokane. The seventh, the Yakima Valley region, contains the city of Yakima, which has a regional significance of its own; the region also has major relationships with both Seattle and Portland.

The regions follow:

1. The North Coast Region (pop. 45,000) has half its land under federal ownership (including the Olympic National Park), and includes some of the finest forest resources in the United States. Industry and population are concentrated in the Port Townsend-Port Angeles area on Puget Sound. The economy is based upon the manufacture of forest products, together with government employment and recreational development. Port Angeles is the major trade center within the region.

Financing requirements are primarily related to the national forest products companies with operations in the area, arranged outside the area, and local financing of the smaller mills through the unit and smaller branch banks in the area.

Located within the region are 5 banks maintaining 11 banking offices. No Seattle banks have branches in the region.

2. Lumber from the forested Coast Range and recreational developments along the coast from Copalis Beach to Ilwaco are of basic importance to the economy of the South Coast Region (pop. 75,000). Aberdeen, a center for forest products manufacture and for shipping logs to Japan, is the principal trade center.

Financing requirements are again related principally to the wood products industry. However, here some locally owned plants have grown to sizeable proportions and are being financed by the branch banks of the area. Smaller fishing and food processing industries, together with prospective chemical and other heavy industry around the deepwater port of Hoquiam are developing, and will require financing assistance.

Located within the region are 5 banks maintaining 15 banking offices. Four Seattle banks have 14 offices in the region.

3. The North Puget Sound Region (pop. 162,000) has been dominated in the past by lumbering, fishing and farming activities. More recent gains have been achieved through the establishment of oil refineries at deep water ports in the area, and a major aluminum plant near Bellingham, the commercial trade center for a large part of this region.

There are heavy financial requirements for the petroleum and aluminum industries, which carry national lines. Local financing serves the numerous vegtable and berry farms and food processing plants.

Located within the region are 13 banks maintaining 35 banking offices. Three Seattle banks have 15 offices in the region.

4. Major population centers, industrialization and interdependence of products and labor markets characteri es the Central Puget Sound Region (pop. 1,899,000). The region supports Washington's growing industrial base through the principal trade centers of Seattle, Tacoma and Everett.

Direct access to major air, rail and truck lines, and excellent deep water ports provide the Puget Sound area with notable advantages in serving the expanding markets of the Pacific Rim.

This region, with its concentration of population and industry and diversity of financial requirements, is the headquarters for most of the principal banks of the state. National bank lines are also required for a number of the larger local industries. Located within the region are 36 banks maintaining 321 banking offices. The four state wide banks headquartered in Seattle account for 223 of the banking offices. They are joined by the Spokane statewide bank with two Seattle offices, Bank of California with two offices and Canadian Imperial Bank with one Seattle office.

5. In the South Puget Sound Region (pop. 140,000) the economic structure is based largely upon the forest products industry. Olympia, the state capital, creates a major source of income through governmental services, and is the trade and service center of the area. A new state University, near Olympia, will stimulate the economy of the city and support the small industrial development currently in progress.

Financing requirements are once more related largely to the wood products industry but primarily locally owned operations requiring more direct assistance.

Located within the region are 9 banks maintaining 19 banking offices. Four Seattle based banks have 8 offices in the regibn.

6. In the Lower Columbia Region (pop. 216,000) manufacturing is also dominated by the wood products industry with substantial plants along the Columbia River. Clark County, with its principal city of Vancouver, forms a portion of the Portland SMSA and in fact Vancouver is substantially a suburb of Portland. There is a considerable amount of diversified manufacturing in the metropolitan area around Vancouver.

Because of the proximity of the major Portland banks, they are an important factor in meeting local financing requirements. Located within the region are 9 banks maintaining 32 banking offices. Three Seattle based banks have 13 offices in the region.

7. Agriculture, especially orchard crops, and food processing dominate the economic structure of the Upper Columbia Region (pop. 80,000). There is some diversified manufacturing around Wenatchee, the principal city. A recreation industry is developing in mountainous areas to the west, spurred by the recent creation of a major new National Park and development of a new trans-mountain highway.

Heavy seasonal financing is required for orchardists, wheat growers and food processors in the area.

Located within the region are 10 banks maintaining 22 banking offices. Two Seattle based banks have 10 offices in the region. There are two branches of the Spokane statewide bank.

8. The Yakima Valley Region (pop. 167,000) is a principal agricultural area of the state with highly developed irrigated farmlands producing heavy crops of fruit, vegetables, hops and sugar beets. Food processing and some diversified manufacturing are centered at Yakima, principal city of the region. Lumbering is of some significance in the west where smaller mills prevail.

Located within the region are 8 banks maintaining 32 banking offices. Four Seattle based banks have 19 offices in the region. There are three branches of the Spokane statewide bank.

9. A vast irrigation project is transforming the agricultural base of the Columbia Basin Region (pop. 61,000) from dry-land farming and grazing to cultivated farmland and cash crops. A former large Air Force base is providing a nucleus for an industrial park near Moses Lake, largest city of the region. Food processing is also important.

Financing requirements once more are heavy for the expanding farm and food processors in the area. Located within the region are 5 banks maintaining 28 banking offices. Three Seattle based banks have 18 offices in the region. There are 6 offices of the Spokane statewide bank.

10. The Two Rivers Region (pop. 89,000) is developing into one of the more diversified economies in the state. Dry land and irrigated agriculture are counterbalanced by the industrial and research activity at the Hanford Atomic Project. Slack water navigation on the Columbia River has been important in developing Pasco, already a local industrial center, as a regional trade center, while nearby Kennewick and Richland are more residential in nature.

Financing in the region is required variously for agriculture, food processing and commercial development. Located within the region are 6 banks maintaining 16 banking offices. Three Seattle based banks have 8 offices in the region. There are 5 offices of the Spokane statewide bank.

11. Forest products and mineral resources serve as the economic base for the Northeastern Region (pop. 26,000). Lead, zinc, limestone and gold are the principal mining products. National forest lands and a large Indian reservation within the region have substantially limited the private ownership of land.

Financing required is that for depletive industries. Spokane banks are important factors in this region. Located within the region are 3 banks maintaining 7 banking offices. Two Seattle based banks have 6 offices in the region.

12. The Spokane County Region (pop. 283,000) is heavily dominated by the city of Spokane, which contains almost two-thirds of the population. Economy of the region is broadly based upon diversified manufacturing and commercial activities. Spokane serves as the distribution center for the vast Inland Empire, which includes parts of four states in a rich resource-based economy.

Spokane banks are required to support agricultural, mining, lumbering, and commercial activities in the entire Inland Empire area. Located within the region are 10 banks maintaining 49 banking offices. Three Seattle based banks have 12 offices in the region. The statewide Spokane based bank has 15 offices in the region.

13. Wheat is the leading crop in the agriculturally dominated economy of the Southeastern Region (pop. 99,000). Besides holding a leading position in wheat production, the area is important for vegetable crops such as peas and asparagus.

Strong growth in individual farm size, in this as in other regions, has intensified local demand for sizeable agricultural loans.

Located within the region are 9 banks maintaining 29 banking locations. Two Seattle based banks have 14 offices in the region. The Spokane statewide bank has 7 offices.

GX M-1

DAVID C. CATES & CO., INC.
CONSULTING ANALYSTS
ONE EXCHANGE PLACE • JERSEY CITY, NEW JERSEY 07302 • 201-435-1817

June 1, 1970

Mr. Philip H. Stanton
President
Washington Trust Bank
P. O. Box 2127
Spokane, Washington 99210

Dear Phil :

Thanks very much for your hospitality and for the chance to learn more about your bank and its opportunities during my recent visit to Spokane. Outlined below are several thoughts which are the result of my various discussions with you and your associates, and with David as well.

Looking ahead, the future is not particularly clear. You have raised some very important questions, the answers to which can have a considerable effect upon your life and that of your family and relatives, upon Spokane and, in particular, your associates at the bank; and upon your wealth and the wealth of your family. Were you to be under the gun to make a hard decision today -- such as "to merge or not merge", I could suggest fast enough what to do. But it seems you have more time than that. Here are the serious pressure points :

1. Mr. Carlson's offer might be withdrawn,
2. statewide branching might lower the value of your franchise,
3. family liquidity needs.

It appears, however, that Mr. Carlson is willing to hammer away relentlessly on the merger topic. Apart from the usual gradualism in branching developments, I gather you may have some personal control over the statewide issue through your political relationships. Finally, family ownership seems diffuse enough to make financing any tax problem a bit awkward perhaps, but not impossible. Time, therefore, appears to be on your side.

Accordingly, may I suggest that you address yourself to the type of

opportunity facing the bank which, through its actual accomplishment, will shed further light on the vital questions which concern you. Your office building development is just such an opportunity -- the ideal project to emphasize at this time. The building is particularly appealing insofar as there appears to be universal agreement that it needs doing and that it will make a major contribution to the bank and Spokane, and will emphasize your family's long connection with the city, no matter what other bank plans lie ahead. For the latter reason, I would imagine it should be thought of as a Stanton Building -- pernaps something such as "The Stanton Building-Home of the Washington Trust Bank".

Most importantly, however, it should give you a very good chance to come back to Mr. Carlson with a counterproposition to the one he suggested. And Mr. Carlson should have a twofold interest in working with you :

(1) because of his professed interest in wooing you and your bank,
(2) because, given a merger, the Marine organization would be a substantial tenant to the project.

On your part, you might well be able to get, through Mr. Carlson's good offices, favorable financing terms and be able to call upon his resources for assistance in the many detailed areas of putting together a major real estate project. (Incidentally, one should not underestimate the amount of time and effort which will be needed to launch an eight to ten million dollar project). Furthermore, as a result of your intensified contact, you would obtain a much better insight into what it would be like to be involved permanently with the crowd at the National Bank of Commerce. This could be very important as you consider future bank plans. Finally, you would be keeping the romance, so to speak, alive without committing yourself either way.

I suggest that you approach Mr. Carlson, upon his return, with the thought that the building and the bank are really two separate but related propositions, and that whatever becomes of the bank, you would want a strong family tie in Spokane through the Stanton Building. You might add that, since the real estate program is more than the bank can handle itself, the only feasible proposition would be to have the bank be a prime tenant in the overall development. For this reason, Mr. Carlson should have an interest in whatever arrangements are made and should appreciate being involved in the early stages of the project.

At some point, you should consider counselling in the area of the proper form for the real estate venture -- which should, I believe, be set up separate and distinct from the bank. The various possibilities should be reviewed in the light of your overall financial and tax circumstances. In addition, you should have a professional review of the real estate negotiations as they progress. I might say, initially, that two of your principal concerns would be :

(1) not to give up equity in the project, if at all possible -- at least, not without significant financial consideration,
(2) not to get locked in too long (ten years is too long) to a high-interest rate factor.

You may have advisors locally who can work with you on this; if not, we have competent technical counsel available to assist you, which I will be happy to describe.

****

All of the above begs the question, What about the bank? I have noted that in working with the National Bank of Commerce and Mr. Carlson, you will automatically learn more about the shape of your own and the bank's future. But what about things in the meanwhile?

As to the bank's viability, there is no doubt that a place exists for the Washington Trust Bank, that it is and can continue to be an important factor in banking in the State of Washington, and that it can grow in size and strength. It goes without saying that you have an important resource in your history, your connections, your young and eager staff, and your own leadership and that of Bill Scammell. Your competition is good-sized, but you certainly are equal to the task.

I might say that I was particularly impressed by the easy and open way which you and Bill have of dealing with each other and with members of your organization. Certainly, you would not want to change this, although within this structure you do need to provide for a general sense of direction of effort and activities. I think that within the framework of what you are already doing, it would be possible to suggest ways of giving the organization some assistance, particularly as regards you internal reporting effort. What you have started is quite good, but I think some suggestions could be made to make it a bit more understandable by and useful to the officers of the bank. A

necessary part of all this would be a review of the responsibilities in the bank and a look at how various segments of the bank work with each other. In so doing, questions would undoubtedly arise (some come to mind even now) on several of your programs.

For example, it is not too clear to me, at present, how you retail marketing effort is being mounted. You have a public relations and advertising man (Mr. Hart, whom I did not meet). Then again, Mr. Hilson is active in some phases of marketing planning and execution (e. g., Mastercharge). The marketing area is a vital one to have well-ordered as you move ahead.

The matter of branch expansion and development is likewise vital. Right now, I would suggest a review of your present site plans with an eye toward making certain you have prominence at each proposed location, as well as good traffic flow, parking, etc. Prominence is worth paying for. (Incidentally, it might even be worthwhile to review the bank's logo and signs, once the marketing function has been solidified.) Moreover, the branches are an important part of your sales organization, and their leadership should stress a sales concern. I did not meet your branch supervisor, but I hope he has a sales orientation and is a strong advocate at headquarters of the needs of the branches.

The Loan and Trust areas seem quite strong, but you soon will be faced with replacing Mr. Kirkbride in Investments. Perhaps you will want to combine his function with one of the existing departments. Right now, in any event, I would suggest that you review carefully any new investment commitments made and resist all but short maturities.

As far as internal communication is concerned, the Loan Committee seems more traditional than functional, and perhaps should give way to broader staff sessions. I cite these items as the sort of thing about which we could develop some firm thoughts as a by-product of working with your financial planning setup.

To make a suitable contribution, I would want to spend some time reviewing the data you have already sent plus the additional information you said you would pass along to me. After that, I should be happy to arrange to spend additional time with you over the summer months. I do not think a great deal of time in involved, but, to be effective, I think you

should budget approximately $10,000 which would cover time spent here, as well as a week to ten days spent with you and your associates.

It goes without saying that both Dave and I would be happy to discuss any part of this letter further with you, either over the phone or in person, should that suit your schedule. Again, may I say that it was a pleasure to meet with you and Bill Scammell. My best regards to you both.

Sincerely,

Bill

William M. Crozier, Jr.
Director

WMC/jv

GX M-2

DAVID G. GATES & CO., INC.
CONSULTING ANALYSTS

ONE EXCHANGE PLACE • JERSEY CITY, NEW JERSEY 07302 • 201-435-1817

August 24, 1970

Mr. Phillip Stanton, President
Washington Trust Bank
P. O. Box 2127
Spokane, Washington 99210

Dear Phil:

As agreed, attached is a descriptive outline of the various topics we covered during my stay in Spokane.

Bill Scammell mentioned a "follow-up", and I think there would be merit to keeping in touch on several matters. Specifically, I know David could be particularly helpful with regard to a review of any merger possibilities, including sounding out candidates and recommending exchange ratios. It often is of value to have an impartial determination of exchange ratios in significant merger cases.

On my part, I would be happy to review the developments in your organizational structure and reporting systems either over the phone or in correspondence with you. In addition, I will be in Las Vegas toward the latter part of September and at the moment have Friday, September 25, free to meet with you if that is appropriate. Maybe we could arrange to get together at some half-way spot, such as San Francisco, to talk over developments since my last visit. Please let me know.

In addition, David and I plan to get together later this month to review the possibility, for a relatively modest fee, of reviewing annually, for banks, certain year-end data to give the Chief Executive a reading on the progress of his bank. This analysis would be set in the frame of reference of banks as we know them, and might or might not include discussions in person, depending upon how useful such contact would be to a President or his staff. You should hear more of this as time goes along.

Best regards.

Sincerely,

Bill

William M. Crozier, Jr.
Advisor

WMC/aob
Attachment

ORGANIZATION STRUCTURE

The chart left with you (dated August 1, 1970) represents a broad consensus of the way the bank functions. In addition, where changes are indicated, they appear to have been generally accepted in discussion. Points of note are as follows:

Main Office Branch

Someone, at some point, should be considered responsible for the Main Office branch (tellers, safe deposit, statements, new accounts, etc.). Perhaps this is Counsell, perhaps Robinson. Whoever it is should begin to work more closely with Decker. I have the feeling that Counsell (with his Loan Committee and Clearing House memberships) probably would prefer to report to Perko, and that Robinson would be a better branch manager. It may take a while to work out an appropriate setup; it doesn't warrant forcing and at the time you move to new quarters, the change may be easier to facilitate.

Master Charge

The association of this group under Credit and Loan supervision is particularly useful in light of the apparent need to improve credit loss experience.

Administrative Staff

Messrs. Stejer and Flormann are more in a nature of senior staff advisors with limited line responsibility. Flormann's duties are being absorbed (and preferably so) by Hilsen's department. In the absence of a firm retirement policy at age sixty-five, it should be made clear to the younger staff that these gentlemen are strictly advisors, or that they work on special projects only. If necessary, they should have titles which suggest their advisory roles and have a special section in the Statement of Condition. Temporarily, until a Main Office branch

is set up and Counsell's duties better defined, the administrative staff would include all this group.

Operations and Customer Service

Duties assigned to this area are generally appropriate; however, the organization of the department itself could be improved. In particular, the Systems and Programming manager should report directly to Hilsen. Others could report directly also, such as the fellow in charge of Housekeeping duties. Hilsen should have closer contact with more phases of his area and not have to relate to the large part of his world through the Data Center manager. It is my understanding that he agrees with this and plans to work out the necessary changes.

Physical location is another matter of importance. Hilsen should be at the Data Center with all his staff, and this move should be made right now as a part of present renovations. It would be quite appropriate to locate Decker there also so that he would be closer to his operations and be able to give better direction to his staff. Decker would also be able to utilize some personnel at the Downtown Drive-In bank to assist in sales support. In addition, the coordinated move would take any onus off moving Hilsen alone.

The Executive Office

It is good that the department heads feel comfortable relating to either the President or Vice President and Secretary. It would help solidify this if the Vice President and Secretary had a more appropriate title and if the Executive Office were set apart in the Statement of Condition.

an Committee

There is too strong a signal put out to officers that membership on, or itation to, the Loan Committee is the best place to meet, talk with, and press Senior Management. These meetings could be gradually cut back to a week; Senior Management (officers who are also Directors) could rotate ir presence at the meeting and more loan work could be done with branch nagers on a day-to-day basis.

ff Meetings

. . Some sort of regular staff session should be started with all Department ads. Senior Management might well assume a low profile at these sessions bring out ideas and problems of younger Department Heads. Meetings could l be conducted by Department Heads on a rotating basis.

rketing

At the moment this staff is function fragmented between Hart's depart-nt and Hilsen's. First choice is to form a marketing services committee hoc - not permanent) and see where the leadership comes from. Bill Scammell ld well work with Hart, Hilsen, and their associates as well as the line nagers - Decker's branch group (retail), Perko's loan group (wholesale) and nstra's trust group - to hammer out marketing plans. Perhaps after a while a der will emerge. If not, or if results are disappointing, then a marketing man uld be recruited to whom Hart and all other staff marketing functions would port.

ntrollership

This function is also fragmented between Jensen and St. Clair. In addition,

Hilsen's group seems to have some interest in the planning and data usage possibilities as they affect the decisions of managers. An effective Controller should be able to supervise St. Clair's area, be able intellectually to work with the concepts Jensen has developed and sense the managerial needs of the organization as Hilsen is trained to do.

As a first choice, again, a group should be assembled by Bill Scammell to work out answers to bank problems in the controllership area. Jensen is the most logical candidate for heading the function; but until others can accept him as a professional and he can sense the needs of the organization, it may be better not to designate him Controller. As second choice, an experienced Controller should be added to the staff.

General

There is some tendency on the part of the staff to look to Messrs. Stanton and Scammell for all the answers. In part this may be due to the fact that Senior Management controls a majority of the stock of the bank. In part, it may also be a result of Senior Management underemphasizing the individual contribution which can be made to the group by each officer. One way at getting at this could be to pose questions when asked to give answers.

Examples follow:

To Hilsen: What plans do you have to cut the costs and improve the sales of the Information Systems Department?

To Jensen: What sort of budgeting problems do Decker and Hilsen have? (Here's where the bulk of the staff reposes and where good management tools are needed).

To Hart or Hilsen or both: How can we increase our market share of savings deposits?

To Decker: What are reasonable goals for each branch manager to shoot for in 1971 with regard to sales of deposit services? Do the branch managers agree?

To Perko: How many new business accounts can we get in 1971?

To Decker: How can we improve the use of part-timers in the branches?

It then could be interesting at the staff sessions to have each department head discuss, in turn, some of the programs underway in his department.

Again, the axiom is worth restating that the officers will respond to what Senior Management shows a sincere interest in. The meetings which Senior Management attends will be the meetings of importance. The interest shown in problems assigned will determine the effort expended. If staff sessions deal with new deposit accounts versus new loans, then deposits will be emphasized.

Publication of Chart

Some chart is needed to aid in budgeting and reporting, as each should follow the organization chart. Gradually the chart should be discussed with each department head to make certain there is general agreement as to the organization of the bank. There is no need to be dogmatic about a chart, however, and it should be filed once it has been discussed - not tacked on the bulletin board.

Titles - Statement of Condition

The title of Supervisor of Branches should probably be abandoned in favor of a greater sales emphasis. Any changes which are adopted should be reflected in all published reports such as the Statement of Condition.

The Reporting System

The work begun is significant. It needs refinement and improvement - all new systems do - and it needs analysis. I suggest that you cease monthly publication of the current reports and publish these only on a semi-annual basis and that you use the following procedure with regard to the six months' report currently in your hands:

1. Submit them to thorough analysis. This is a task in which St. Clair, Jensen, Hilsen, and Garrett can participate strongly, as can all department heads. What do the reports tell one about the bank? What products should be emphasized? What prices should be adjusted? What branches have low profits and why? What can be done about it? Which areas have low profitability? What can be done about that? What can be done to limit the losses on Master Charge? When will it break even?
2. Review the department head's reports of analysis at staff sessions and see what these suggest about plans for the future. Use this process then, as a foundation for considering the 1971 budget by creating a shari view of where the bank is heading.
3. Have Jensen and St. Clair continue to prepare historical data for budget purposes and devise budget forms by organizational unit (in keeping with chart) down to the lowest level of responsible supervision.
4. Ask each supervisor to prepare his budget and review it with his immediate superior and have Senior Management review the assembled budge of the department heads.

5. In general have supervisors budget only items for which they are responsible, and be sure that someone is responsible for every item of income and expense (use volume figures for budgeting deposits and other key statistical measures; such as, number of accounts opened, and number of safe deposit boxes sold, etc.).
6. Use the reporting structure to furnish managers with monthly results of variances from the agreed-upon budget.
7. Produce functional and profit center reports (such as were produced recently at June 30) on a six months' basis.
8. Throughout the process, work on systems improvements and accuracy with the help and support of the Operations Department.

The essence of the matter here is that managers need tools to operate with (budgets), and Senior Management needs financial information with which to consider strategic decisions (functional and profit center reports). The line managers need data monthly, and they need it promptly. Senior Management needs its information less frequently and with more analysis when it is rendered.

Growth And The New Building

In general, it seems pretty clear that the bank is ready to move to a new plateau of activity. The bank has a strong business background, a healthy capital structure and earning power, youthful and capable management, and a good chance of improving its prominence state-wide. There are undoubtedly more branches to be added in Spokane (county and city) and more accounts to attract at existing locations; but the bank is ready for more than that. It is time to consider the bank's role state-wide.

If the bank is to grow through smaller acquisitions, then these should be

on the basis of as even an exchange as is possible in terms of earnings and book value. Ephrata would be a good merger on such a basis, as would any possibility in the Southwestern "Inland Empire". If only holdup prices are possible, however, then serious thought should be given first to merger with a sizeable coastal institution so that the maximum potential value of present Washington Trust stockholders can be realized. If the only possible partner is National Bank of Commerce, then smaller interim acquisitions should be cautious to guard against potentially serious anti-trust problem. As N. B. C. is a high-risk merger possibility from an anti-trust standpoint, other possible merger partners should be cultivated. In any event, the Washington Trust Bank, all things considered, appears to have outgrown the potential of Spokane.

The New Building

The new building is an important project, and it is capable of consuming considerable energy of management. It also represents - as presently constituted - a large risk to a present bank investor. It, nevertheless, is quite clear that new quarters are needed for the bank and that a prestige building would be desirable.

Location

With regard to location, the site assembled is on the proper side of town but would have more prominence if it were one block away on the more clearly identified main street of Spokane.

Size

The bank does not appear to need all the space contemplated by the proposed building. Furthermore, the proposed investment in off-street parking may be unrealistic in the light of the amount of parking already available plus the tre

toward the development of suburban areas, which will draw more and more traffic from the city. The full development can be justified only if real estate is to become a principal business endeavor of bank management. If banking is to continue to be the principal business conducted, however, it would seem more important to get an office building under way more appropriate to the needs of the bank. The value of the existing site as an assembled property might well provide the necessary leverage for obtaining a more prominent location on the main street. In sum, if the business of the bank is to be banking, then I would strongly consider not mixing the risks of real estate development with the risks of greater banking expansion. In any event, this topic should be pursued with care, and I refer again to a previously stated thought that the project be reviewed with the N. B. C.

MISCELLANEOUS

In the miscellaneous area a few general observations are noteworthy:

Audit

It would not hurt to consider an outside audit every three years or so with limited scope (no credit review for example) to check various controls in the bank.

Fed Transit Account

Most "country" banks set this account up as a legitimate liability and do not deduct it from the asset side of the balance sheet. It is a legitimate addition to footings.

Protection

There may be some grave risks at large in this area, especially in the Downtown Drive-In branch.

Branch Locations

Some sites are just off-prime and have, as a result, diminished promi
All new sites should have prominence; it is a very wise investment eve
it costs a bit more.

Signs

Signs should be reviewed for their similarity and easy identification.
Prominent signs should be added where a branch lacks locational prom

New Branches

Consideration should be given to limited service branches which would
stress deposit productivity. Conceivably, some large full-service
branches could take responsibility for certain support functions for ne
offices in their areas.

Fringe Benefits

Profit sharing might be considered and free automobiles abandoned at
the same time any profit-sharing plan is implemented.

GX N

Economics Research Associates

Los Angeles, California
Washington, D.C.

PLAN AND FEASIBILITY OF PROPOSED SPOKANE ECOLOGY EXPOSITION

Prepared for
SPOKANE CENTENNIAL ASSOCIATION

September 16, 1970

* * *

Section II

SUMMARY AND CONCLUSIONS

Since the beginning of time, the human species, uniquely among living creatures, has been engaged in the conquest of its environment. As in all forms of conquest, heed has seldom been given to the consequences. Man has tended to be as artless about ends as he is artful about means. This paradox has resulted in gradual but cumulative damage to the environment. Until recently, the damage went virtually unnoticed. The number of transgressors was no match for the richness of the earth, and little thought was given to ends for the opportunities seemed endless. This has now proved to be a delusion, sprung from the fact that the pace of change was slow enough for nature to absorb and adjust to the shocks to its system. Eventually, however, the pace quickened, the tribe increased, and the hastening ills grew to the proportions of wholesale desecrations. Today the havoc is as visible as urban smog, as manifest as the looming extinction of whole species, and as menacing as poisoned water and shrinking supplies of oxygen.

Thus, suddenly, man has discovered that in seeking mastery over nature, he has, in fact, been at war with it, and that it is a war he cannot win. With this discovery, man is confronted with the necessity of transforming his historic role in the natural order--from pacemaker to peacemaker. No less than in the political sphere, his choice in the ecological sphere is coexistence or no existence: the balance of nature is as delicate and indispensable as the balance of power.

Man the destroyer turns out to be engaged in destroying himself. He is thus compelled to turn from conquest to peace quest. In turning, he enters upon a whole new age in the annals of his species.

In the year 1974, just ten years before the Orwellian Year of No Return, the City of Spokane, Washington, celebrates its 100th birthday. Those 100 years roughly span the Age of Progress. But the progress, we see now, has come at the expense of nature. Spokane, which calls its region "Outdoorsland, USA," lives with nature as few large urban communities do. The city sprang from its river, the Spokane, whose falls powered the sawmill around which the first settlement grew. Ever since, and up to the present day, its industry has been based almost exclusively on natural resource production and development--minerals of great variety and lumber and its products. Its other major industry is outdoor

recreation. Within a 50-mile radius of Spokane lie nearly 75 recreational lakes, along with a large ski resort, and within a day's drive lie more than half a dozen national parks and forests, American and Canadian.

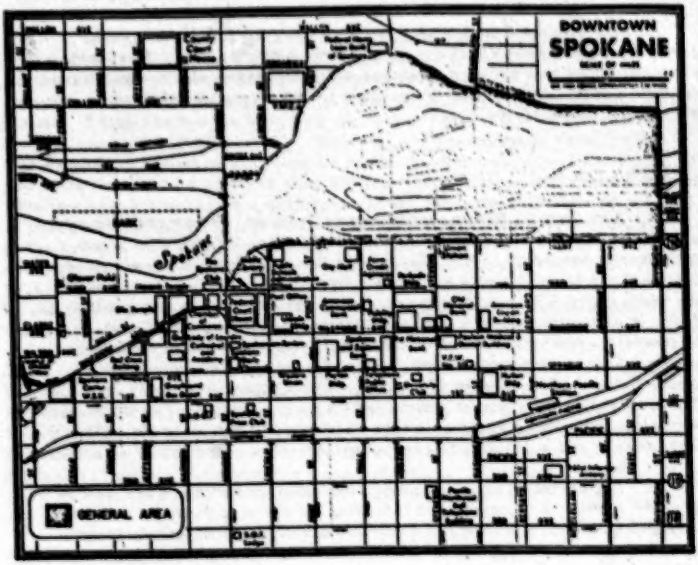
Looking back on its past, on a century of its own progress founded on the resources of the natural environment, and cognizant that maintenance of that progress depends on maintenance of the environment, Spokane's civic leaders plan to create a 1974 Centennial celebration around the theme of ecology.

SITE AND CONCEPT

The Central Business District of Spokane, comprising roughly six square blocks, is bordered on the north by the river. The riverfront itself, however, is dominated, and the river hidden, by elevated tracks of the Union Pacific Railroad. Beyond, extending approximately the width of the CBD, is Havermale Island (now actually a peninsula), which is also occupied by a railroad station and tracks--the Great Northern's--and by a number of old structures in a state of some disrepair. Just to the north is tiny Crystal Island, site of an industrial laundry, which sits between two of the river's three center city falls (Spokane Falls, the main cataract, is two blocks downriver to the west). Along the downtown riverfront on the north side of the river lie still more tracks and a series of warehouses and other commercial structures.

A nine-block area extending from Monroe Street on the west to Division Street on the east, and including all the riverfront on the south bank (between river's edge and Trent Avenue) and about half the length of riverfront area along the north bank (that stretching between Howard and Division streets), provides some 50 to 60 acres of usable space, with the "hidden river," its islands, and falls as the predominant topographical feature (see Figure 1).

On this site it is planned to hold a six-month international exhibition, from May 1 to October 30, 1974, on the subject of man's relationship to his environment--"Progress Without Pollution." The clearing and redevelopment of the site, which will become a downtown civic, cultural, and recreation center after the Centennial, will itself be an example of ecological renewal. The Spokane Centennial Association intends to seek the endorsement of the Bureau of International Expositions as a Special Category event, and, in the traditional exposition



Source: Economics Research Associates.

Figure 1

GENERAL AREA BOUNDARIES FOR EXPOSITION SITE.

mode, the "world ecology fair" will make its appeal to the visitor through a broad spectrum of activities, exhibits, shows, and entertainment. The basic exhibit theme will be the environmental world of the future and how it can be achieved. Participation will be offered to governments and institutions, commerce and industry, and private organizations.

The exposition fits well into the overall concept of the nation's bicentennial celebration for 1976, as proposed by the American Revolution Bicentennial Commission in its Report to the President of July 4, 1970. That concept calls for a "multi-city" program of major celebration events, and sets as the goal of the year-long "Festival of Freedom": ". . . to forge a new national commitment, a new spirit for '76. . . a spirit which will unite the nation in purpose and in dedication to the advancement of human welfare as it moves into its third century." As an element of the bicentennial observation, it urges "high priority," and promises Commission "help and endorsement," to "efforts to improve the quality of life in this country."

It is therefore proposed that the Spokane centennial exposition be integrated into the nation's bicentennial observations. The 1974 event can be fitted into the Commission-recommended framework of a Bicentennial "Era"; the site could then be used in 1975 for summer festival purposes (also advocated by the Commission); and, in 1976, Spokane could reconstitute its 1974 format as a quality-of-life exhibition tied in with the multi-city observations of the bicentennial year. This affords maximum utilization of the site development for celebration purposes.

The scope of the present study is limited, however, to Spokane's 1974 centennial exposition on Man and His Environment, and the attendance and financial projections summarized in the following subsections pertain only to that undertaking.

MARKET SUPPORT, ESTIMATED ATTENDANCE LEVELS AND PLANNING PARAMETERS

Attendance estimates for the proposed Spokane exposition have been derived by analyzing the available resident and tourist markets in terms of population, income, and recreational travel patterns. Based on these factors, and taking into consideration market penetration rates achieved by events such as Seattle's Century 21 exposition and San Antonio's HemisFair, market penetration factors have been calculated for

the Spokane event and applied to market projections. The resulting attendance estimates for the six-month spectacle, based on conservative, probable, and optimistic penetration rates, are as follows:

Low Estimate	3.4 million
Probable Level	4.6 million
High Estimate	5.7 million

For planning purposes, the 4.6 million attendance level is used.

To determine the recommended scope and size of the exposition, this 4.6 million attendance estimate is converted into design-day (average high day) and peak in-grounds attendance levels. The design-day crowd is projected to be approximately 41,000 visitors, a total that the few peak attendance days should not exceed by more than 10 to 15 percent, except possibly for several days prior to the closing of the exposition, when levels as high as 50 percent above design-day are sometimes achieved. The peak in-grounds crowd--that portion of the design-day visitors on the grounds at the same time--is calculated to total approximately 29,000 visitors. Applying a density factor of 560 persons per acre to this 29,000 total yields a site requirement of 52 acres. Parking requirements, computed on the basis of projected attendance on peak days, plus space to accommodate employees and public officials, will create a need for an additional 72 acres. This assumes that about 90 percent of the crowd will arrive by car, and that average occupancy will be 3.5 persons per car.

FACILITY REQUIREMENTS AND CONSTRUCTION COSTS

Primary facility requirements on the main exposition grounds comprise four major categories: exhibit and pavilion space, ride and amusement installations, food service facilities, and an auditorium-conference complex.

Exhibition space requirements are estimated at 548,000 square feet of net floor area. Assuming average building coverage of 60 percent, gross exhibit site area is roughly 913,000 square feet, or 20 acres. Based on the typical breakdown of exhibit space requirements at comparable events, and adjusting for the particular concept of the Spokane exposition, it is estimated that 17 acres of open ground should be provided for those exhibitors who build their own exhibit structures. On

the other hand, there may be a requirement, especially if there is participation by member governments of the Bureau of International Expositions, for exhibit space provided by the exposition sponsors. 1/ The need for this space is not expected to exceed three acres of site area. Again assuming a 60 percent building coverage, approximately 78,000 square feet of net floor space would be required for this use. The existing Washington Water Power building and Union Pacific Railroad station, both of which should be used during the exposition, contain together an estimated 30,000 square feet of space which could be converted to this purpose, leaving a requirement for 48,000 square feet. It is projected that the existing buildings can be refurbished at a cost of $12 per square foot, requiring a capital investment of $360,000. At a construction cost of $20 per square foot, the additional exhibit space would require a total capital outlay of $960,000. The total cost in this category is thus estimated at $1,320,000.

It should be noted that both the Washington Water Power building and Union Pacific Railroad station would remain after the exposition is over, and possibly be used as exhibit and museum facilities. It is also contemplated that the new exhibit space requirement of 48,000 square feet will be converted to form the first phase of the city-county office complex proposed for the exposition site after the event has been held.

Ride And Amusement Complex

It is estimated that this complex would contain ride facilities capable of accommodating 5,100 persons hourly. Based on an estimated minimum construction cost of $800 per hourly ride capacity, capital expenditure for this complex would be $4,100,000.

The total site required for the ride and amusement complex is estimated at 5 acres.

1/ Under B.I.E. regulations, exhibit space at a Special Category exposition must be made available to member governments.

Food Service Facilities

In light of the temporary nature of the exposition, it is likely that virtually all of the food and beverage outlets will also be temporary. It is projected that there will be a demand for 61, 300 net square feet of food and beverage space. Assuming that 15 percent of this space is provided by exhibitors in conjunction with their various exhibits, a net requirement of 52, 000 square feet must be met by local sources. Based on construction estimates in the area, this 52, 000 square feet should be constructed at an average cost of $15 per square foot, requiring a capital investment of $780, 000. To calculate area requirements for these facilities, it is assumed that an 80 percent building coverage will exist, requiring a site allotment of 2 acres.

Auditorium-Conference Center Complex

This facility is envisioned as a cooperative venture between the State of Washington and the City and County of Spokane. The complex would be composed of a 15, 000-square foot exhibit hall; a 3, 000-seat auditorium; and 12 meeting rooms averaging 600 square feet per room. The exhibit hall might be constructed as Spokane's exposition pavilion, with an estimated construction cost of $450, 000. The Washington State contribution might be the auditorium and meeting room complex. The total cost of this portion of the complex is estimated at approximately $6, 210, 000. This facility will require a gross site area of about three acres.

ALLOCATION OF CONSTRUCTION COSTS

The capital expenses required to build the Spokane exposition are allocated among four separate entities: the Spokane Centennial Association; the City and County of Spokane; the State of Washington; and all other participants. The contributions of the Association and the municipality have been broken down on the basis of permanent facilities versus temporary facilities. That is, if a scheduled facility can be made a permanent feature of the site in conformance with the Spokane Regional Planning Commission's existing riverfront plan, the capital requirement has been charged to city and county resources. Conversely, the Spokane Centennial Association is charged generally for those facilities and improvements expected to be temporary in nature. Some money has been

scheduled, however, for the Centennial Association to provide permanent facilities as their contribution to the improvement of the site.

Total investment requirements for the Spokane Centennial Association are projected at $4,343,000, while the city and county have a preliminary budget estimate of $5,197,000. Together, these two sources represent a total local investment in the exposition of $9,540,000.

The State of Washington, which stands to benefit from a stimulus to the area's convention, conference and tourist trade, is apportioned the major share of the cost of what is envisioned to become a regional convention-conference center after the Centennial. The cost of this auditorium-meeting room complex, including design, engineering and contingency expenses, is estimated at $7,576,000. Total state and local investment in the project, according to this analysis, is thus seen to amount to roughly $17 million.

Outside participants are expected to invest approximately $24,132,000 for exhibit facilities and other improvements. This sum is projected on the basis of the average investment per attendee experienced at other expositions, given a catalystic level of local investment.

FINANCIAL PERFORMANCE

Revenues accruing to the operating corporation will be derived from three sources: visitor expenditures, rental of exhibit space, and service charges. The gross per capita expenditure at the exposition is estimated to be $5.53, as shown below:

Source Of Expenditure	Amount
Gate Admissions	$ 1.87
Parking	.26
Rides And Amusements	1.20
Shows And Spectacles	.20
Food And Beverage	1.00
Merchandise	1.00
Total	$ 5.53

Of this total per capita expenditure, the operating corporation is expected to net $2.53, assuming a conventional lease rate schedule with concessionaires. Total corporation revenue will thus amount to an estimated $11,636,000.

Space rental at the exposition is expected to generate approximately $3,134,000 in revenue. The rental rates range from $3.00 per square foot for open space areas leased to foreign industries, to $20.00 per square foot for covered space leased to domestic industries. Service charges levied for assisting exhibitors in constructing and tearing down exhibit facilities and providing security and maintenance during the course of the exposition total an estimated $1,529,000, based on a rate of $3.50 per net square foot of exhibit space.

The total of these revenues amounts to $16,299,000.

Operating expenses for the exposition have been derived from a detailed analysis of comparable expenses at other events. Total expenses are estimated at $11,745,000, or $2.52 per capita. This includes pre-opening, operating, and post-exposition period expenses. In addition, as previously stated, the operating corporation will be responsible for capital construction costs estimated at $4,343,000, yielding a total figure of $16,088,000. Net project income after subtracting these operating and capital expenses from revenues of $16,299,000 is $211,000. During the pre-opening period, an aggregate deficit of $1,373,000 is projected, although at a late stage of the four-year preparation period, but before revenues begin to flow in, cash requirements greater than this will probably occur.

RESIDUAL BENEFITS AND ECONOMIC IMPACT

The major qualitative benefit to be derived from this exposition will be the revitalization of downtown Spokane by the development of its riverfront and island area. Potential exposition residuals are visualized to be a community auditorium and convention-conference center complex; reconstitution of the Washington Water Power building and the Great Northern and Union Pacific railroad stations into needed community facilities; a theme structure involving some type of permanent environmental study and information center and/or National Park Service facility; an art museum; and new city and county office space. A downtown park and recreation area is a further asset generated by redevelopment of the site.

In addition, considerable direct and indirect economic benefits will be derived from the exposition. These benefits are measured in terms of non-resident visitor expenditures, new payrolls generated, and expenditures made for materials and supplies in the construction and operation of the project. The total direct and indirect economic impact on the Spokane area is projected to exceed $114,000,000, while the State of Washington (including the Spokane area) will experience a total economic impact of $124,000,000 from the exposition.

The exposition will directly bring the equivalent of 1,316 new jobs into Spokane, generating a direct expenditure in the local area of $13,562,000. This figure does not include the second-line employment which these new jobs will bring into being.

* * *

Section VII

RESIDUAL BENEFITS AND ECONOMIC IMPACT OF THE SPOKANE EXPOSITION

The proposed exposition will produce both qualitative and quantitative benefits to Spokane and the State of Washington. Although the quantitative factors--those benefits which are directly measurable in dollars--will no doubt be the ones which will sell the exposition idea, the qualitative features will create the greatest long-term benefits to the area itself.

This section is devoted to a discussion of those qualitative and quantitative benefits which are expected to be derived from the exposition.

QUALITATIVE BENEFITS

By creating and hosting the exposition, Spokane and the State of Washington will receive broad recognition for advancing the cause of ecology. This will be especially true if environmental knowledge and concern are not only highlighted at the exposition during 1974, but also throughout the other areas of the state which a person may visit in conjunction with a trip to the exposition.

The impact of this wide recognition, while not measurable, will be substantial, and should persist. Revitalization of the downtown island area could become a model for urban planners, and the Spokane River Basin is a natural region for demonstration projects involving water conservation and depollution.

The publicity Spokane receives from the ecology exposition will no doubt include references to the clear air and outdoor recreation features with which the area is endowed. These factors could stimulate population growth in the area, since increasing numbers of the urban population are becoming discontented with the environmental problems of major urban areas and are looking to smaller metropolitan locations for new living conditions.

QUANTITATIVE BENEFITS

Exposition benefits accruing to Spokane and the State of Washington which are measurable in terms of dollars include residual physical assets--redevelopment of the islands area, and new community facilities--and the injection of new money into the economy from visitors expenditures, the creation of new employment, new tax income, and the purchase of materials, supplies and services for the construction and operation of the project.

Residual Assets

The Spokane Regional Planning Commission has prepared a plan for the redevelopment of the Spokane riverfront. The area included extends from Bowl and Pitcher Parks northwest of downtown Spokane, to the upriver dam recreation region, east of the city. The heart of this proposed regional redevelopment is the central sector of Spokane, including the north and south shores of the river and extending from an area west of Monroe Street to Division Street. This central river area is the site on which the exposition will be held.

Development of the grounds for this event should be carried out in such a way that, following the exposition, the permanent development will be in general conformance with the regional plan. Preliminary development concepts and construction cost estimates defined in Section III and Section V of this report have been developed on the basis of this integrated planning concept.

In Section V, the preliminary estimate of the local responsibilities for development of the exposition is $9,540,000. Permanent site improvements and facilities, and their associated contingency and design expenses, are estimated at $6,210,000, as shown on the following page.

Expenditure Item	Amount
Basic site improvements	$2,600,000
Improved city parking	220,000
Theme structure	500,000
Permanent exhibit buildings	360,000[1/]
Temporary exhibit buildings, convertible to city/county office space	960,000
Convention center exhibit hall	450,000
Subtotal	$5,090,000
Design fees and contingency allocations (22%)	$1,120,000
Total	$6,210,000

As previously noted, the permanent facilities include a $6,660,000 community-convention center complex (see Appendix A for use and financial analysis). It is envisioned, however, that local sources will contribute only $450,000 of this cost, while the State of Washington, which will benefit from a Spokane convention center, will finance the remaining $6,210,000 as its contribution to the exposition and the state's convention resources. Exposition structures and facilities will furnish the potential for meeting other community goals, chief among which are a downtown recreation-amusements center, a decorative riverfront mall, a city art museum, and a permanent outdoor waterside theater. But these are options beyond the scope of the present financial analysis.

1/ For remodeling and refurbishment of Washington Water Power building and Union Pacific railroad stations.

Direct Economic Impact

Employment And Income

Construction and operation of the planned exposition will generate new employment and income in Spokane. Total construction cost has been estimated at approximately $39,824,000, excluding design and engineering fees but including contingency allowances. It is assumed that roughly 55 percent, or $21,902,000, of this total will be spent on payroll. As shown in Table 23, the data total payroll figure is converted to an annual average for an estimated three-year construction period. On the basis of this annual average, and assuming an average annual wage of $8,000 per worker, the estimated number of jobs generated by construction of the exposition are seen to number 913 in fulltime equivalents.

This table also shows the total amount of the new income produced likely to be spent in the local area, a sum calculated to amount to an estimated $9,694,000.

In Table 24 total design and engineering costs are similarly translated into jobs and new spending in the area generated thereby. The estimated economic impact is shown to be $420,000 from this source.

In Table 25 the impact on the community of operational expenditures is shown. As indicated, the preparation and operation of the exposition are expected to produce some 824 new jobs, resulting in an injection of nearly $3.5 million into the local spending stream.

Total exposition-generated new jobs thus aggregate 1,316, and the new money brought into the area from these sources totals nearly $13,570,000.

Purchase Of Materials, Supplies, And Services

Most of the exposition expenditures which are not allocated for salaries will be spent on the purchase of materials, supplies, and services. Table 26 indicates the total projected expenditure for construction not allocated to payroll. As shown, this total amounts to $17,922,000, with 75 percent of this balance allocated to the purchase of materials, supplies, and services. The other 25 percent is assumed to be for builder's profits

Table 23

ESTIMATED PAYROLL, NEW JOBS, AND NEW LOCAL SPENDING CREATED BY CONSTRUCTION OF SPOKANE EXPOSITION[1/]

Source Of Expenditure	Estimated Construction Cost[2/] (thousands)	Total Payroll Percent	Total Payroll Amount (thousands)	Average Annual Payroll[3/] (thousands)	Estimated Number Of Jobs Created[4/]	Payroll Spent In Local Area Percent	Payroll Spent In Local Area Amount (thousands)
Local	$ 8,993.0	55%	$ 4,946.0	$1,649.0	206	63%	$3,116.0
State	7,141.0	55	3,927.0	1,309.0	164	63	2,474.0
Other	23,690.0	55	13,029.0	4,343.0	543	32	4,104.0
Total	$39,824.0	n.a.	$21,902.0	$7,301.0	913	n.a.	$9,694.0

n.a. means not applicable.

1/ 1970 dollars.

2/ Including contingencies but excluding design and engineering cost.

3/ Based on a three-year construction period.

4/ Full-time equivalents assuming average annual wage of $8,000.

Source: Economics Research Associates.

Table 24

ESTIMATED PAYROLL, NEW JOBS, AND LOCAL EXPENDITURES GENERATED BY DESIGNING THE SPOKANE EXPOSITION[1/]

Source Of Expenditure	Design And Engineering Costs (thousands)	Total Payroll		Average Annual Payroll[2/] (thousands)	Estimated Number Of Jobs Created[3/]	Payroll Spent In Local Area	
		Percent	Amount (thousands)			Percent	Amount (thousands)
Local	$ 547.0	60%	$ 328.0	$ 328.0	33	70%	$230.0
State	435.0	60	261.0	261.0	26	40	104.0
Other	1,442.0	60	865.0	865.0	86	10	86.0
Total	$2,424.0	n.a.	$1,454.0	$1,454.0	145	n.a.	$420.0

n.a. means not applicable.
1/ 1970 dollars.
2/ Based on a full-time equivalent of one year.
3/ At average annual wage of $10,000.

Source: Economics Research Associates.

1785

Table 25

ESTIMATED PAYROLL, NEW JOBS, AND LOCAL EXPENDITURES GENERATED BY OPERATION OF SPOKANE EXPOSITION[1]

Expense Category	Total Expenditure (thousands)	Total Payroll Percent	Total Payroll Amount (thousands)	Average Annual Payroll (thousands)	Estimated Number Of Jobs Created	Payroll Spent In Local Area Percent	Payroll Spent In Local Area Amount (thousands)
Public Relations	$ 1,889.0	50%	$ 944.0	$ 315.0[2/]	35[2/]	65%	$ 553.0
Exhibit And Concession Solicitation	940.0	50	470.0	235.0[3/]	16[3/]	65	275.0
Free Shows And Attractions	577.0	80	462.0	924.0[4/]	115[2/]	65	270.0
General And Administrative	2,466.0	50	1,233.0	411.0[2/]	27[5/]	65	721.0
Exposition Operations And Service	4,580.0	50	2,290.0	4,580.0[6/]	572[2/]	65	1,340.0
Site Restoration	236.0	70	165.0	330.0[6/]	41[2/]	65	193.0
Contingency Reserve	1,057.0	50	528.0	176.0[2/]	19[3/]	65	103.0
Total	$11,745.0	n.a.	$6,092.0	$6,971.0	825	n.a.	$3,455.0

n.a. means not applicable.
1/ 1970 dollars.
2/ Based on full-time equivalent of three years.
3/ Average annual wage of $9,000.
4/ Based on full-time equivalent of two years.
5/ Average annual wage of $15,000.
6/ Based on full-time equivalent of one-half years.
7/ Average annual wage of $8,000.

Source: Economics Research Associates.

Table 26

ESTIMATED EXPENDITURE IN THE LOCAL ECONOMY
FOR MATERIALS, SUPPLIES, AND SERVICES
FOR CONSTRUCTION OF EXPOSITION[1/]

Source Of Expenditure	Construction Cost Not Allocated To Payroll (thousands)	Estimated Expenditure For Materials, Supplies And Services		Total Expected To Be Spent In Facilities	
		Percent	Amount (thousands)	Percent	Amount (thousands)
Local	$ 4,047.0	75%	$ 3,035.0	90%	$2,731.0
State	3,214.0	75	2,410.0	90	2,169.0
Other	10,661.0	75	7,996.0	50	3,998.0
Total	$17,922.0	n.a.	$13,441.0	n.a.	$8,898.0

n.a. means not applicable.
1/ 1970 dollars.

Source: Economics Research Associates.

and overhead expenses. On this basis, the total amount spent on materials, supplies, and services is estimated at $13,163,000, with $8,898,000 of this total projected for the local economy.

In addition, it is estimated that 80 percent of the design and engineering fees not expended for payroll will be used for the purchase of materials, supplies, and services. The remaining 20 percent of the after-payroll cost is expected to cover profit and overhead for the design and engineering consultants. Table 27 shows the balance of projected design and engineering expenditures not allocated for payroll at $970,000. This gross figure will generate approximately $282,000 in local purchases for goods and services.

For the pre-operational and operational periods, the expenditures for materials, supplies, and services are presented in Table 28. From a gross expenditure of $5,653,000, the local economy is expected to realize $5,071,000.

The total local benefit from these sources, then, are projected to amount to approximately $14,251,000.

Off-Site Visitor Expenditures

Those on-site expenditures which visitors to the proposed exposition are expected to make have been detailed previously in Section VI. In addition to these revenues, the local area and the state will derive direct economic benefits from off-site non-resident visitor spending in the form of expenditures for overnight accommodations; food and beverage purchases; and miscellaneous merchandise purchases for items such as retail merchandise. 1/ With respect to this off-site spending, it is necessary to determine those new expenditures generated specifically by the exposition. Day visitors to the event will likely be residents of the nearby Washington or Idaho areas, and will probably spend very little

1/ Gasoline purchases have been excluded from this analysis. Because of Spokane's proximity to the Idaho-Washington state line, it is difficult to determine in which state these purchases will be made.

Table 27

ESTIMATED EXPENDITURE IN THE LOCAL ECONOMY
FOR MATERIALS, SUPPLIES, AND SERVICES
BY DESIGN AND ENGINEERING OF EXPOSITION 1/

Source Of Expenditure	Balance Of Expenditure Not Allocated To Payroll (thousands)	Balance Of Expenditure Expected To Be Spent On Materials, Supplies, And Services		Expenditure For Materials, Supplies, And Services Expected To Be Spent In Local Area	
		Percent	Amount (thousands)	Percent	Amount (thousands)
Local	$219.0	80%	$175.0	90%	$157.0
State	174.0	80	139.0	90	125.0
Other	577.0	80	462.0	0	0
Total	$970.0	n.a.	$776.0	n.a.	$282.0

n.a. means not applicable.
1/ 1970 dollars.

Source: Economics Research Associates.

Table 28

ESTIMATED EXPENDITURE IN THE LOCAL ECONOMY
FOR MATERIALS, SUPPLIES, AND SERVICES
IN OPERATION OF EXPOSITION[1/]

Source Of Expenditure	Balance Of Expenditure Not Allocated To Payroll (thousands)	Balance Of Expenditure Expected To Be Spent On Materials, Supplies, And Services		Expenditure For Materials, Supplies, And Services Expected To Be Spent In Local Area	
		Percent	Amount (thousands)	Percent	Amount (thousands)
Public Relations	$ 945.0	100%	$ 945.0	90%	$ 850.0
Exhibit And Concession Solicitation	470.0	100	470.0	90	423.0
Face Shows And Attractions	115.0	100	115.0	90	103.0
General And Administrative	1,233.0	100	1,233.0	90	1,110.0
Exposition Operations And Service	2,290.0	100	2,290.0	90	2,061.0
Site Restoration	71.0	75	53.0	90	48.0
Contingency Reserve	529.0	100	529.0	90	476.0
Total	$5,653.0	n.a.	$5,635.0	n.a.	$5,071.0

n.a. means not applicable
1/ 1970 dollars.

Source: Economics Research Associates.

off-site money, whereas overnight visitors can be expected to spend appreciable sums off-site. Assuming that overnighters would have visited Spokane and/or the rest of the state anyway, if the exposition entices these visitors to extend their stay only one day, the exposition-generated economic benefits will be dramatic.

In Table 29 that proportion of estimated attendance that will require overnight arrangements is calculated. The total comes to 3,355,000 overnighters, with a facility requirement distribution as follows:

	Percent	Number Of Overnight Visitors
Family/Friends	10%	336,000
Motel/Hotel Rooms	60	2,013,000
Campground Spaces	30	1,006,000
Total	100%	3,355,000

For the remainder of this evaluation, only the 90 percent of visitors expected to stay in motel/hotel and campground accommodations will be considered.

Spending By Motel/Hotel Visitors

It has previously been stated, and should again be emphasized, that if Spokane can meet the overnight accommodations requirements, it is likely that a substantial portion of exposition visitors will desire to stay there. The Spokane area currently has approximately 3,600 motel/hotel units. Assuming an average occupancy of 75 percent for the six-month exposition operating period, room sales would total 497,000. At an average room rate of $16.00, this represents revenues of $7,952,000. From a comprehensive analysis of current overnight visitor activity in the area, it can be safely concluded that roughly 50 percent of this revenue will come from new visitors who would not normally be in the area. Thus, an estimated 870,000 new overnight visitors will be attracted by the exposition, generating new local revenue of $3,968,000.

Table 29

ANALYSIS OF OVERNIGHT VISITORS
TO THE EXPOSITION

Market Group	Attendance		Attendance Estimated To Require Overnight Accommodations	
	Percent	Number	Percent	Number
Resident				
Primary	17%	782,000	0	0
Secondary	2	92,000	10	9,000
Tertiary	5	230,000	40	92,000
Remainder Of Inland Empire And Washington	21	966,000	75	724,000
Subtotal	45%	2,070,000	n.a.	825,000
Tourist				
Primary	23%	1,058,000	100%	1,058,000
Secondary	32	1,472,000	100	1,472,000
Subtotal	55%	2,530,000	n.a.	2,530,000
Total	100%	4,600,000	n.a.	3,355,000

n.a. means not applicable.

Source: Economics Research Associates.

In addition to this room rental revenue, these visitors will also spend money for food and beverages off-site, and make other miscellaneous expenditures. The total estimated spending is $4.90[1] per capita, or $4,263,000 generated by new visitors.

It is assumed that the remainder of the overnight visitors who will stay in motel/hotel rooms, and who do not stay in the Spokane area, will be accommodated elsewhere in Washington. Some 78,300 room sales are represented by this attendance element, or sales of $1,253,000. Although most of these visitors would probably have visited Washington if the exposition were not held, it is assumed that at least 70 percent of them will be held in the state an extra day by the event, representing exposition-generated revenues of $880,000. These visitors will also spend money for food and beverage and other items. At a rate of $4.90 per capita, this will generate another $941,000 in new revenue. Together, then, the overnight visitors who are attracted to Spokane by the exposition, or who are led to stay in the state an extra day, will generate approximately $10,052,000, as shown in Table 30.

Spending By Campers

Estimated off-site spending by campers is shown in Table 31. It is estimated that approximately 805,000 of the total 1,006,000 campers will spend one night in the Spokane area, leaving 201,000 to be accommodated elsewhere in the state. For purposes of analysis, it is assumed that of the Spokane visitors, approixmately 50 percent, or 402,000 would not have visited the area if the exposition had not been held. It is also assumed that approximately 70 percent of those camping elsewhere in the state, or 141,000 of the campers will spend another extra day in the state because of the exposition. The number of new visitors is converted to campground space requirements by assuming an occupancy of 3.5 persons per unit. It is assumed that the campground rental rate per unit will average $3.50, and that each visitor will spend an additional $3.40 on miscellaneous purchases. Utilizing these factors, the new visitors to Spokane are estimated to generate a revenue of $1,769,000, while the visitors who will stay an extra day elsewhere in the state will account for $619,000 in new money brought into the state.

1/ $2.60 for food; $2.30 for miscellaneous items.

Table 30

OFF-SITE EXPENDITURES BY OVERNIGHT EXPOSITION VISITORS[1/]
(Thousands)

Motel-Hotel Visitors	Total	Spokane	Rest Of Washington
Number Of Persons	2,013.0	1,739.0	274.0
New Visitors Who Would Not Normally Visit Spokane	870.0	870.0[2/]	n.a.
Visitors Expected To Spend Extra Day In State Because Of Exposition	192.0	n.a.	192.0[3/]
Room Requirements Generated By New Demand (at 3.5 persons per room)	303.0	248.0	55.0
Revenue From New Visitors			
Room Rental ($16.00 per room)	$ 4,848.0	$3,968.0	$ 880.0
Food And Beverage ($1.50 per person)	1,593.0	1,305.0	288.0
Miscellaneous ($3.40 per person)	3,611.0	2,958.0	653.0
Total Revenue	$10,052.0	$8,231.0	$1,821.0

n.a. means not applicable.
1/ 1970 dollars.
2/ 50 percent of total.
3/ 70 percent of total.

Source: Economics Research Associates.

Table 31

OFF-SITE VISITOR EXPENDITURES GENERATED BY CAMPERS[1/]
(Thousands)

Campers	Total	Spokane	Rest Of Washington
Number Of Persons	1,006.0	805.0	201.0
New Visitors Who Would Not Normally Visit Spokane	402.0	402.0[2/]	n.a.
Visitors Who Are Expected To Increase Length Of Stay By One Day Because Of Exposition	n.a.	n.a.	141.0[3/]
Unit Requirements Generated By New Demand (at 3.5 persons per unit)	n.a.	115.0	40.0
Revenue From New Visitors			
Unit Rental ($3.50 per unit)	$ 542.0	$ 402.0	$140.0
Miscellaneous ($3.40 per person)	1,846.0	1,367.0	479.0
Total	$2,388.0	$1,769.0	$619.0

n.a. means not applicable.
1/ 1970 dollars.
2/ 50 percent of total.
3/ 70 percent of total.

Source: Economics Research Associates.

The total new revenue expected from new visitors or persons remaining in Washington an extra day because of the exposition is estimated at $12,440,000, with $10,052,000 generated by motel/hotel guests, and the remaining $2,388,000 by campers.

Total Of New Money Brought Into Local Economy

The grand total of new spending in the Spokane economy by the exposition amounts to $37,813,000, as itemized below:

	(Thousands)
New Payroll	$13,562.0
Purchases Of Materials, Supplies And Services	14,251.0
Visitor Expenditures	10,000.0
Total	$37,813.0

Tax Benefits

In addition to the aforementioned benefits which will affect the general economy of the Spokane area and the State of Washington, the construction and operation of the exposition will produce new tax income. Tax benefits will be derived from two specific sources--sales tax and admission tax. The sales tax in Washington is 5 percent, with 4.5 percent retained by the state and 0.5 percent of the locally collected tax returned to the county and/or city. The admission tax is local, and the revenues derived from this source go directly into the general fund of the local agencies. In Spokane, the admission tax is based on a rate of $.01 on each $.20 of admission, or a fraction thereof. It is levied on all events where admission is charged, with the exception of grade school and high school events.

In the case of the proposed exposition, the expenditures subject to sales tax can be divided into four categories, as shown below:

1. Purchases of supplies and materials during the construction period.

2. Purchases of supplies and materials during the operating period.

3. Expenditures by day visitors to the exposition.

4. Expenditures by overnight visitors to the exposition.

The expenditures in each of these categories subject to the 5 percent sales tax are shown in Table 32. The total taxable amount is estimated at $36,716,000, generating a total tax revenue of $1,836,000. This represents tax income to the state of $1,653,000; a local city/county revenue from this source of $169,000; and tax revenues to other cities and/or counties in Washington of $14,000.

Those expenditures subject to the admissions tax fall into three categories: gate admissions, ride and amusement admissions, and show and spectacle admissions. Gross visitor expenditures in each of these categories and the resulting tax revenues are shown below:

Admissions Tax Source	Gross Revenues From Visitor Expenditures	Admissions Tax
Gates And Admissions	$8,600,000	$430,000
Rides And Amusements	5,520,000	276,000
Shows	920,000	46,000
Total	$15,040,000	$752,000

The revenue for the State of Washington, city-county of Spokane, and other Washington cities and/or counties from these two tax sources is shown in Table 33. The total revenue to the State of Washington is estimated at $1,653,000, while the Spokane city and county share is estimated at $921,000. Another $14,000 is expected to accrue to other Washington cities and/or counties.

Table 32

SALES TAX REVENUES TO WASHINGTON AND SPOKANE AREA GENERATED DIRECTLY BY EXPOSITION
(Thousands)

Construction	Estimated Expenditures Subject To 5 Percent Sales Tax	Sales Tax Distributions: Total 5 Percent	State Of Washington 4-1/2 Percent	City-County Of Spokane 1/2 Percent	Other Washington Cities Or Counties 1/2 Percent
Construction Expenditures	$8,000.0 1/	$400.0	$360.0	$40.0	0
Design And Engineering	250.0 1/	12.5	12.5	1.0	0
Operating					
Public Relations	952.0 1/	48.0	43.0	5.0	0
Exhibit And Concession Solicitation	471.0 1/	24.0	22.0	2.0	0
General And Administrative	1,231.0 1/	62.0	56.0	6.0	0
Exposition Operations And Services	3,256.0 1/	113.0	102.0	11.0	0
Site Restoration	50.0 1/	3.0	2.0	1.0	0
Visitor Expenditures					
Food And Beverage	4,600.0	230.0	207.0	23.0	0
Merchandise	4,600.0	230.0	207.0	23.0	0
Overnight Visitors (new money)					
Room And Campground Space Rental	7,236.0	361.0	305.0	29.0	$ 7.0
Other (Includes food, beverage, and miscellaneous expenditures)	7,650.0	382.0	317.0	38.0	7.0
Total	$36,716.0	$1,836.0	$1,653.0	$164.0	$14.0

1/ 1978 dollars.
2/ 10 percent excluded from total estimated expenditures on materials, supplies, and services. This adjustment has been made to factor out the expenditure for services which are not subject to the sales tax.

Source: Economics Research Associates.

Table 33

DIRECT TAX BENEFITS ACCRUING TO STATE AND LOCAL AREA[1/]
(Thousands)

	Total	State Of Washington	City/ County Of Spokane	Other Washington Cities/Counties
Sales Tax				
Construction	$ 413.0	$ 372.0	$ 41.0	0
Operation	250.0	225.0	25.0	0
Visitor Expenditures	460.0	414.0	46.0	0
Overnight Visitors	713.0	642.0	57.0	$14.0
Subtotal	$1,836.0	$1,653.0	$169.0	$14.0
Admissions Tax				
Gate Admissions	$ 430.0	0	$430.0	0
Rides And Amusements	276.0	0	276.0	0
Shows And Spectacles	46.0	0	46.0	0
Subtotal	$ 752.0	0	$752.0	0
Total	$2,588.0	$1,653.0	$921.0	$14.0

1/ 1970 dollars.

Source: Economics Research Associates.

COST BENEFIT RATIO

Based on the preliminary construction cost estimate defined in Section V, the total local responsibility for the planned exposition is projected to be $9,540,000. Direct economic benefits to be derived from this event are estimated at $38,734,000, including tax income. The cost benefit ratio is thus 1 (investment):4.06 (benefits).

Although what has been described above represents an estimate of the direct economic benefits produced by the exposition, the total impact of the event on the local and state economies will be at least three times the direct economic results. This multiplier effect stems from the fact that the new money injected into the economy is respent, on a declining curve as leakage increases, many times. A multiplier factor of three in the present case to express this effect is probably conservative. Applying that factor yields a total direct and indirect economic impact on the Spokane area traceable to the exposition of nearly $115 million--raising the cost-benefit ratio to 1:12--and on the State of Washington as a whole of almost $125 million.

Added to this will be a residual economic impact, produced by the exposition's stimulus to tourism in the state over a period of time, with the further new money this will generate, along with expansion of the state tourist industry itself.

Appendix A

PRELIMINARY ANALYSIS OF PROPOSED SPOKANE AUDITORIUM AND CONFERENCE CENTER COMPLEX

SPOKANE'S CONVENTION ACTIVITY

Because of its central location and regional market characteristics, Spokane hosts a number of small- to medium-sized conventions annually. Since 1965, the total number of conventions held in Spokane has ranged from a high of 201 in 1964 and 1965 to a low of 165 in 1968, as shown in Table A-1. Over the 1964-1969 period, 57 percent of these conventions were composed of fewer than 150 delegates. Only 8 percent hosted 500 or more delegates. In comparison, in major cities such as Seattle or Portland up to 90 percent of the conventions hosted represent gatherings of more than 150 delegates, and up to two-thirds consist of more than 500 delegates.

There are three basic reasons for these differences in comparative convention sizes. First, Portland and Seattle are served by the major airlines and are easily accessible to convention groups. Secondly, these cities possess major convention complexes capable of accommodating large gatherings. Finally, there are hotel-motel room inventories near the convention centers capable of accommodating large numbers of delegates. As time goes on, Spokane will become increasingly accessible by air and will attract more and larger conventions. It must, however, acquire a centralized convention facility and be able to provide an adequate supply of first- and second-class overnight accommodations.

In Table A-2, data relative to convention delegates in Spokane are presented. For the 1965-1969 period, the average number of conventions per year held in Spokane was 188, with an average of 254 delegates who stayed approximately three days and spent $42.50 per day.

Convention Survey

To obtain an indication of Spokane's degree of acceptability as a convention site by those groups and organizations which annually hold meetings in the Pacific Northwest, ERA mailed questionnaires to 50 groups

Table A-1

DISTRIBUTION OF CONVENTION ACTIVITY IN SPOKANE
BY CONVENTION SIZE
1964-1969

Convention Size (number of delegates)	1964		1965		1966		1967		1968		1969		1964-1969 Averages	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1-150	123	61%	116	57%	93	51%	102	53%	93	56%	110	63%	645	57%
151-350	38	19	35	17	30	16	36	19	27	16	23	13	189	17
351-500	27	13	35	17	42	23	41	21	26	16	23	13	204	18
501-750	4	2	9	4	2	1	3	1	3	2	4	2	25	2
751-999	0	0	2	1	2	1	4	2	2	1	3	2	13	1
1000 +	9	4	8	4	14	8	7	4	14	8	5	3	58	5
Total	201	100%1/	205	100%1/	183	100%1/	193	100%1/	166	100%1/	167	100%1/	1,134	100%1/

1/ Totals may not equal 100 percent due to independent rounding.

Source: Spokane Chamber of Commerce and Economics Research Associates.

1802

Table A-2

SPOKANE'S CONVENTION INDUSTRY
1965-1969

Year	Number Of Conventions Held In Spokane	Number Of Delegates	Average Delegates Per Convention	Number Of Delegate Days	Average Length Of Stay	Delegates' Expenditures Total	Delegates' Expenditures Per Delegate	Per Delegate Day
1965	205	49,654	242	166,968	3.33	$ 6,199,762.00	$124.85	$38.48
1966	183	48,955	267	147,890	3.02	6,468,514.00	131.86	43.68
1967	200	47,936	240	138,819	2.90	6,235,414.00	130.08	44.91
1968	165	49,852	302	154,324	3.10	6,748,978.00	135.38	43.73
1969	187	42,294	226	123,997	2.91	5,176,423.00	122.39	41.96
Total For Five-Year Period	940	238,691	n.a.	726,218	n.a.	30,781,091.00	n.a.	n.a.
Averages	188	47,738	254	144,644	3.03	$ 6,156,218.00	$128.96	$42.50

n.a. means not applicable.

Source: Spokane Chamber of Commerce and Economics Research Associates.

which had held conventions somewhere in the area within the past several years. Fourteen of these survey forms were returned, representing 28 percent of the total number distributed. The results of this survey, as well as the questions asked, are presented in Table A-3.

Several points regarding these results should be stressed. Of those responding to the survey, 14 percent indicated that they had held conventions in Spokane in the past, and 86 percent said that they would consider Spokane as a convention site. More than 50 percent of the respondees cited some deficiency in the Spokane area, most notably, lack of adequate facilities and inconvenient location.

Existing Convention Facilities In Spokane

Spokane currently has three facilities which are used for convention business, but the most frequently used, the Ridpath Hotel and Motor Hotel, attracts approximately 90 percent of the convention business done in Spokane. The remaining 10 percent is distributed between the Spokane Coliseum and the Davenport Hotel. Usually, the Spokane Coliseum is used for those events which necessitate a large-capacity building, including sizable exhibit space.

COMMUNITY SURVEY

In addition to the convention survey mentioned, a survey of community auditorium and meeting room demand was conducted in the Spokane area. Sixty-six organizations were sent questionnaires, with 28 responding, or 42 percent of those who were contacted. The results of this survey are presented in Table A-4. Some 93 percent indicated they felt their present facilities were adequate. The same percentage indicated they are not currently charged a rental for the use of these facilities, which may be a principal reason for their apparent satisfaction. In response to another question, 76 percent indicated they would consider holding their regular and special meetings at a new public facility. Most of these responses were prefaced by the statement that this use would be on the condition that a reasonable fee would be charged.

Those groups contacted for this community organization survey are presented in Table A-5. In addition to the demand shown by the survey, a

Table A-3

QUESTIONS AND RESPONSE CONSENSUS
SPOKANE CONVENTION SURVEY
1970

		Number	Percent
1. Would your organization consider or has it considered Spokane as a convention site?	Would	2	14%
	Has	12	86
	Has not	-	-
	Don't know	-	-
(Almost all those indicating "has" showed they would consider Spokane again.)	Total	14	100%
2. What do you feel are Spokane's major drawbacks as a convention site?	Lack of facilities	3	21%
	Inconvenient location	3	21
	Other	2	14
	No drawbacks	6	42
	Total	14	100%
3. Facility Requirements			
a. Number of delegates or attendees	0-99	1	8%
	100-199	2	14
(Almost 65 percent of the organizations indicated that wives would be attending. The percentage ranged from 25 to 30 percent of total attendance.)	200-299	2	14
	300-399	1	8
	400-499	2	14
	500-599	2	14
	600-699	2	14
	Over 700	2	14
	Total	14	100%

Table A-3
(Continued)

			Number	Percent
b.	Number of days per convention	1 day	0	-
		2 days	1	7%
		3 days	11	79
		4 days	2	14
		Total	14	100%
c.	Number of conventions per year	1 convention	11	79%
		2 conventions	2	14
		More than 2	1	7
		Total	14	100%
d.	Exhibit space required	None	6	42%
		Yes	8	58
	(Of those indicating a need for exhibit space, requirements ranged from 1, 500 to 20, 000 square feet, and 100 - 8 x 10-foot booths.)	Total	14	100%
e.	Auditorium seating required	No	3	21%
		Yes	11	79
	(Requirements ranged from 100 t- 600 seats)	Total	14	100%

(Time used per convention for auditorium --of those indicating a need for auditorium seating, most respondents indicated they would use the auditorium on a daily basis varying from three to eight hours per day.)

Table A-3
(Continued)

f. Other meeting rooms required--responses varied in the following way:

	Number Of Rooms	Capacity
	8	20-40
	1	12
One Respondent Each	8	50
	1	300
	10	25-100
	4	100-300
	7	25
Two Respondents Each	1	400
	2-4	10-15
	1-2	100-150
Three Respondents	2-3	20

g. For banquet or luncheon facilities required, responses varied in the following way:

	Number	Percent
1 room seating 400 to 700	5	25%
1 room seating 200	1	5
1 room seating 300 to 400	3	15
1 room seating 22	1	5
1 room seating 1, 400	1	5
1 to 2 rooms seating 50 to 120 each	1	5
2 rooms seating 400 to 600 each	4	20
2 to 3 rooms seating 300 each	2	10
6 rooms seating 300 to 500 each	1	5
3 to 4 rooms seating 40 to 50 each	1	5
Total	20.	100%

Table A-3
(Concluded)

			Number	Percent
h.	Hotel-motel rooms required	0-99	4	28%
		100-199	2	14
		200-299	3	21
		300-399	3	21
		400-499	-	-
		500-599	-	-
		600-699	1	8
		700-799	1	8
		Total	14	100%

i. Other requirements mentioned including the following:

1) Lowest possible costs.

2) 20 to 25 suites in the new facilities.

3) Information on entertainment and things to do in Spokane.

Source: Economics Research Associates.

Table A-4

RESULTS OF SPOKANE ORGANIZATION SURVEY CHARACTERISTICS OF REGULAR MEETINGS HELD BY SPOKANE COMMUNITY GROUPS 1970

Question		Number	Percent
1. How often do you meet?	Weekly	3	11%
	Bi-monthly	3	11
	Monthly	19	67
	Other	3	11
Total		28	100%
2. Is food served at these meetings?	Yes	22	79%
	No	1	3
	Sometimes	5	18
Total		28	100%
3. What is the usual attendance?	0-25	12	43%
	25-50	7	25
	50-100	8	29
	Over 100	1	3
Total		28	100%
4. Where are these meetings usually held?	Homes	2	7%
	Restaurant	8	29
	Hotel	12	43
	School	-	-
	Other	6	21
Total		28	100%
5. Is rent charged?	Yes	2	7%
	No	26	93
Total		28	100%

Table A-4
(Continued)

Question		Number	Percent
6. Are present facilities adequate?	Yes	26	93%
	No	2	7
Total		28	100%
7. Would you consider holding your regular and special meetings in new public facilities, if available?	Yes	21	76%
	No	6	21
	Unknown	1	3
Total		28	100%

Source: Economics Research Associates.

Table A-5

GROUPS CONTACTED FOR
SPOKANE ORGANIZATION SURVEY
1970

Administrative Management Society
Advertising and Sales Association of Spokane
American Association of University Women
American Gold Star Mothers
American Institute of Banking
Associated Industries of the Inland Empire

Bar Association, Spokane County
Better Business Bureau of Spokane, Inc.
Big Brothers For Spokane County, Inc.
Boy Scouts of America, Inland Empire Council
Business Builders, Spokane
Business & Professional Women's Club, Spokane
Business Women's Association, Spokane Charter Chapter

Camp Fire Girls, Inland Empire
Cancer Society, Inc., Spokane County Unit
Certified Public Accountants, Spokane Chapter, Washington Society
Church Women United, Spokane
Civic Club, Spokane Center Committee
College Women's Association, Spokane

Dahlia Society
Dantis Club
Dental Society
Diabetes Association, Inland Empire

Eastern Washington State Historical Society
Engineers, Professionals
Epsilon Sigma Alpha Sorority, Sigma Beta Chapter
Exchange Club of Spokane

Food Retailers Association, Inland Empire
Friends of the Spokane Public Library

Table A-5
(Continued)

Garden Club of Spokane
General Agents and Managers Association of Spokane, Inc.
General Associated Contractors
Girl Scout Council, Inland Empire
Golden Age Club
Greater Spokane Council of Churches

Jewish Community Council of Spokane
Junior Chamber of Commerce
Junior League of Spokane

League of Women Voters, Spokane
Life Underwriters, Inc., Spokane

Municipal League, Spokane, Inc.
Music and Allied Arts Festival Association, Greater Spokane

National Secretaries Association (International)
New Car Dealers Association, Spokane
Northwest Mining Association

Pacific Northwest Personnel Management Association
President's Council

Republican Club, Spokane County

Sales and Marketing Executives Club, International, Spokane Chapter
Senior Citizens Council of Spokane
Spokane Associated Engineers
Spokane Audubon Society
Spokane County Board of Realtors
Spokane County Medical Society
Spokane County Medical Health Association
Spokane Education Association
Spokane Handicapped Indoor Sports Club
Spokane Home Builders Association
Spokane Independent Insurance Agents
Spokane Junior Symphony
Spokane Press Club
Spokane Public Relations Council

Table A-5
(Concluded)

The Woman's Club

Washington Education Association
Welcome Wagon, International
Women's Democratic Club of Spokane County

Source: Economics Research Associates.

major need in Spokane exists for an adequate concert hall for the Spokane Symphony Orchestra, whose audiences currently average in excess of 2,500 persons per concert.

PROJECTED USE AND FINANCIAL PERFORMANCE

Projections for use of the planned facility are based on event schedules at existing facilities in comparable locations. Consideration has been given to the local Spokane environment in terms of the types of meetings held, the types of conventions which could be expected to be attracted there, and the existing facility inventory. Projected use of the auditorium, exhibit hall, and meeting rooms is presented in Table A-6, along with estimated average annual rental rates and minimum rent revenue. These projections were made for a normal year of operation, which usually is reach only after some three or four years of experience and promotion.

As shown in the table, conventions have been classified according to whether they are based at the conference center, or at hotels in town making limited, if any, use of the convention center facilities. For the convention center-based groups, an average rental rate of $350 per day is shown. This is a flat rate, and enables the groups to use the exhibit hall, meeting rooms, and auditorium for the duration of their conventions. For those conventions expected to be based at hotels, it is assumed that their use of the facility would probably be limited to the exhibit hall, or one or two major meetings in the auditorium; therefore, their composited daily rate is shown as $100. The total revenue expected to be generated from the rental of the facilities is $182,200 per year.

In addition to those rental revenues, other revenue sources include concession sales and equipment rentals. The total projected annual revenues from these sources are summarized below:

	Revenue	
Type Of Revenue	Percent	Amount
Facilities Rental	70%	$182,200
Concession Revenues	20	52,100
Equipment Rentals	10	26,000
Total Operating Revenues	100%	$260,300

Table A-6

PROJECTED USE AND MINIMUM RENTAL REVENUE
FOR PROPOSED SPOKANE AUDITORIUM AND CONFERENCE CENTER
1977

Auditorium Events	Use Days	Average Rental Rates 1/	Minimum Rent Revenue 2/
Type Event			
Concerts And Stage Events	45	$ 450 (or 10%)	$20,250.0
Ceremonies	10	450	4,500.0
Meetings	10	200	2,000.0
Films, Closed Circuit TV	15	450 (or 10%)	6,750.0
Rehearsals	90	100	9,000.0
Conventions 1/	40	--	--
Subtotal	210	n.a.	$42,500.0
Exhibit Hall Events			
Type Of Event			
Consumer And Trade Shows	30	$1,500	$45,000.0
Dealer Events	6	1,500	9,000.0
Dances, Benefits	4	550 + percentages 1/	2,200.0
Banquets (excluding convention banquets)	10	200 + percentages 1/	2,000.0
Rummage Sales, And So On	5	400	2,000.0
Move-In, Move-Out, And Rehearsals	40	150	6,000.0
Conventions 1/	120	--	--
Subtotal	215	n.a.	$64,200.0
Meeting Room Events			
Type Of Event			
Lectures, Films, Recitals	15	$ 100	$ 1,500.0
Local Groups	200	25	5,000.0
Banquets, Teas, Receptions	35	100	3,500.0
Dances And Dance Classes	20	100	2,000.0
Sales Events And Exhibits	15	100	2,000.0
Conventions	120	--	--
Subtotal	405	n.a.	$13,500.0
Conventions Based At The Conference Center	120	$ 350	$42,000.0
Conventions Based At Other Hotels	180	100	18,000.0
Subtotal	300	n.a.	$60,000.0
Total			$182,200.0

n.a. means not applicable.

1/ 10 percent of gross on food, 15 percent of gross on liquor.

2/ A percentage of food and beverage sales--where it would be applicable--has not been included.

Source: Economics Research Associates.

Operating expenses can be classified into three main groupings--personnel, operations supplies, and capital equipment. For the Spokane facility, the operating expenses are estimated to total $250,000, as summarized below:

	Revenue	
	Percent	Amount
Personnel	50%	$125,000
Operation And Supplies	45	112,500
Capital Equipment	5	12,500
Total	100%	$250,000

Deducting operating expenses from operating revenues, a projected operating income of $10,300 is shown. This does not include the debt service requirement for the facility, which is discussed subsequently in this section.

ESTIMATED CONSTRUCTION COSTS

The preliminary estimate for the development of this facility is presented in Table A-7. The total cost, including design, engineering, and contingency fees, is estimated at $8,125,000. It has been previously suggested in Section V of the report that the local governmental agencies might construct the exhibit building, while the State of Washington might construct the rest of the facility as the state's pavilion in the 1974 Spokane centennial exposition. Based on this assumption, the local requirement for the facility is projected to be $549,000, including $99,000 to cover design, engineering, and contingency allowances. Assuming that this amount will be included in a general obligation bond issue, and that the bonds will sell at 7 percent interest for a 30-year period, annual debt service will amount to approximately $36,000.

ESTIMATED ECONOMIC IMPACT

The economic value of the proposed complex to Spokane must not be judged on its own financial performance alone but on its total economic impact, which is measured in terms of new money it brings into the Spokane spending stream. On the basis of the projections made in the study, and of

Table A-7

PRELIMINARY CONSTRUCTION COST ESTIMATES FOR PROPOSED SPOKANE AUDITORIUM AND CONFERENCE CENTER[1/]

Exhibit Space	15,000 square feet at $30.00 per square foot[2/]	$ 450,000
Meeting Rooms (13 at 600 square feet each)	7,200 square feet at $30.00 per square foot	216,000
Auditorium	3,000 seats at $2,000 per seat	6,000,000
Subtotal		$6,660,000
Design And Engineering (7 percent)		466,000
Contingency (15 percent)		999,000
Total		$8,125,000

1/ 1970 dollars.

2/ The Washington Water Power building could provide another 15,000 square feet, making available a total of 30,000 square feet of exhibit, show and display space in the region.

Source: Economics Research Associates.

the known spending habits of convention delegates, the new center can be expected to have a total economic impact, direct and indirect, of approximately $5.5 million annually, or more than $50 million in a ten-year period. This sum includes the recirculation of new money brought into the Spokane economy by new convention delegates, and tax benefits derived therefrom.

The calculation of this overall economic impact is shown in Table A-8. It is anticipated that the facility will attract some 40 new conventions to Spokane annually, with an average delegate count of 350 people staying an average of three days. On this basis, 42,000 new delegate days are generated. Assuming an average daily expenditure of $44.00 yields a direct benefit of $1,848,000. By applying an annual turnover factor of three to this amount, the total direct and indirect economic impact of these visitors on the Spokane economy is $5,544,000. To derive tax benefits, it is assumed that 75 percent of the direct expenditure, or $1,848,000, will be subject to sales tax, generating a total sales tax revenue of $69,000. The State of Washington will receive 90 percent of this total, while 10 percent, or approximately $7,000, will be returned to the city and/or county of Spokane.

Table A-8

ANNUAL ECONOMIC IMPACT OF PROPOSED SPOKANE AUDITORIUM AND CONFERENCE CENTER

New Convention Delegates	
Visitor Days	42,000
Daily Per Capita Expenditure	$44.00
Total Expenditure (thousands)	$1,848
Annual Turnover Factor	3:1
Total Annual Economic Impact (thousands)	$5,544

Source: Economics Research Associates.

GX O-1

POPULATION GROWTH TRENDS
SPOKANE METROPOLITAN AREA
1950-1970

Population Level

	1950	1960	1970
Spokane SMSA	221,561	278,333	287,407
Spokane "Urbanized Area"*	176,004	226,938	229,620
Spokane "Rural Area"*	45,557	51,395	57,867
Spokane City Limits	161,721	181,608	170,516

Annual Average Change

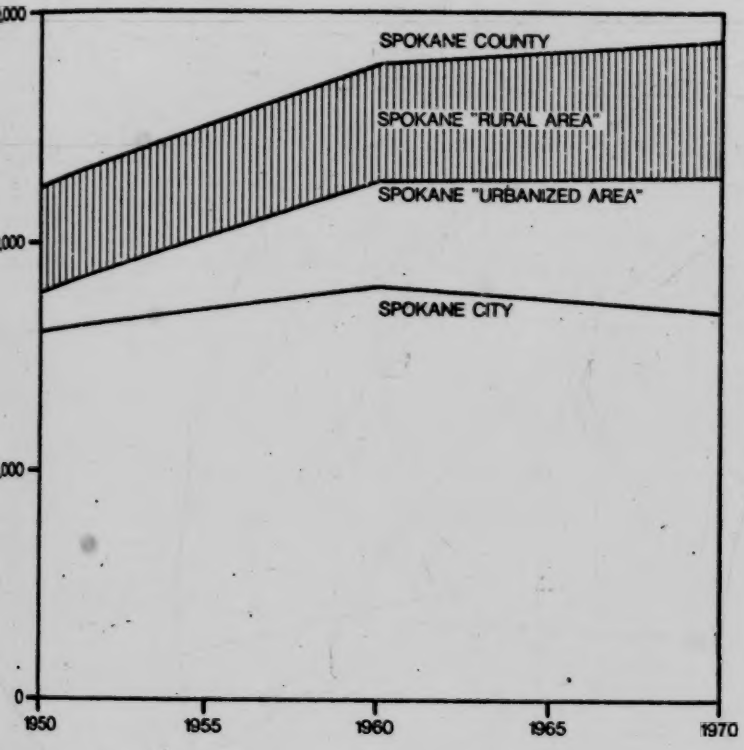
	1950-60	1960-70	1950-70
Spokane SMSA	5,680	910	3,300
Spokane "Urbanized Area"*	5,090	270	2,680
% SMSA	90%	30%	81%
Spokane "Rural Area"*	580	650	620
% SMSA	10%	70%	19%
Spokane City Limits	1,990	-1,110	440

* "Spokane Urbanized Area" as defined by the U.S. Census. "Spokane Rural Area" is the difference between the total SMSA and the "Urbanized Area".

SOURCE: U.S. Census

GX 0-2

SPOKANE POPULATION
1950 - 1970



SOURCE: U.S. Census

GX 0-3

TABLE 1
LABOR FORCE & EMPLOYMENT BY MAJOR CATEGORY
SPOKANE SMSA
1950 - 1972
(In Thousands)

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972[1]
Agriculture	4.7	4.7	4.8	4.7	4.4	4.6	4.3	4.5	3.9	3.7	3.6	3.4	3.2	3.2	3.1	2.9	2.7	2.5	2.5	2.5	2.4	2.4	
Contract Construction	5.8	5.9	6.6	6.0	4.3	4.3	5.2	6.7	4.3	4.7	4.5	3.9	3.9	3.5	3.3	3.5	4.1	4.1	4.3	4.9	4.7	4.7	4.8
Manufacturing	12.7	13.7	14.3	14.6	13.6	15.6	15.0	14.6	13.2	13.6	13.1	12.9	11.9	12.3	12.7	12.7	13.1	12.4	13.3	13.6	12.6	12.2	13.1
Lumber	2.4	2.5	2.3	2.4	2.2	2.3	2.3	2.1	1.9	1.8	1.6	1.4	1.3	1.6	1.5	1.5	1.3	.9	1.0	1.1	.9	.9	.9
Primary Metals	3.7	4.3	4.9	5.2	4.9	5.8	6.5	6.2	4.5	4.5	3.7	3.6	3.8	4.0	4.4	4.4	4.8	4.4	4.5	4.4	3.8	3.5	3.8
Food	2.8	2.6	2.7	2.7	2.6	2.5	2.4	2.4	2.9	2.9	2.8	2.8	2.5	2.4	2.6	2.3	2.3	2.3	2.3	2.2	2.1	1.8	1.7
Other	3.8	4.3	4.3	4.3	3.9	4.0	3.8	3.9	3.9	4.3	4.8	5.1	4.1	4.3	4.4	4.5	4.7	4.8	5.5	5.9	5.8	6.0	6.7
Transportation, Communication & Utilities	8.6	8.8	8.9	8.7	8.1	8.5	8.7	8.7	8.3	8.2	8.0	8.0	7.7	7.2	7.1	7.2	7.3	7.5	7.3	7.5	7.4	7.2	7.1
Wholesale & Retail Trade	17.5	18.4	18.7	18.8	19.1	20.5	21.6	21.5	19.7	20.4	20.6	20.1	20.1	19.5	19.5	20.8	21.9	22.2	22.5	23.1	23.4	23.7	24.8
Finance Insurance & Real Estate	3.0	3.0	3.1	3.3	3.8	4.0	4.1	4.0	4.0	4.1	4.0	4.0	4.3	4.2	4.2	4.3	4.4	4.5	4.8	5.1	5.3	5.4	5.7
Services	9.8	9.9	10.2	10.2	10.5	10.8	11.5	11.8	11.7	12.1	12.7	12.9	12.9	12.9	13.3	13.5	14.5	15.8	17.0	17.7	18.6	19.1	19.5
Government	8.1	8.7	9.2	9.5	9.7	10.9	11.4	11.8	12.3	12.6	12.8	13.2	13.4	13.3	13.5	13.9	14.9	15.7	16.3	17.0	17.	18.4	18.5
Miscellaneous[2]	10.9	11.0	11.2	11.4	11.6	12.0	12.5	12.5	12.4	12.5	12.5	12.0	12.3	12.1	12.5	12.5	12.5	12.3	12.2	12.3	12.3	12.5	12.7
Total Employment	79.4	83.2	84.8	85.3	85.1	90.2	94.2	94.1	89.9	91.9	91.7	90.4	89.2	88.6	90.6	91.3	95.4	97.9	100.2	103.7	104.6	105.6	108.6
Unemployment (Percent)	4.7 (5.6%)	3.0 (3.5%)	4.1 (4.7%)	4.3 (4.8%)	5.8 (6.4%)	5.1 (5.4%)	4.5 (4.6%)	6.1 (6.1%)	9.1 (9.2%)	6.3 (6.4%)	6.8 (6.9%)	7.4 (7.6%)	6.6 (6.9%)	6.2 (6.5%)	5.7 (6.0%)	4.9 (5.1%)	4.5 (4.5%)	5.0 (4.9%)	5.0 (4.7%)	5.0 (4.6%)	7.4 (6.6%)	10.1 (8.7%)	9.4 (8.0%)
Total Civilian Labor Force	84.1	86.2	88.1	89.2	90.9	95.3	98.7	100.2	99.0	98.2	98.6	97.8	95.9	94.8	96.3	96.2	100.0	102.1	105.3	108.7	112.0	115.7	118.0

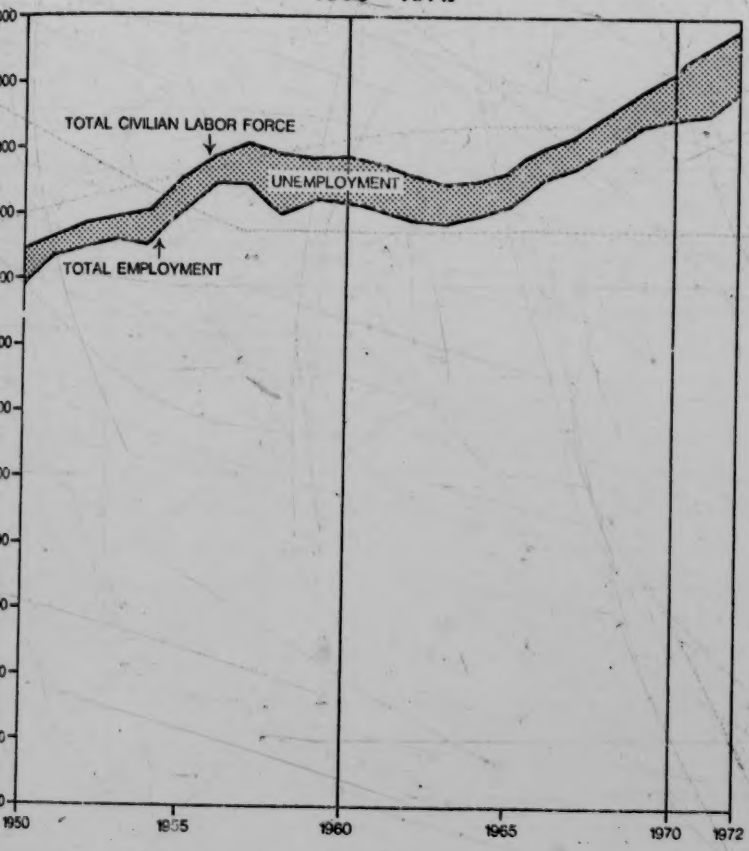
1) Estimate based on August, 1972 levels and adjusted to the annual average to reflect seasonal variations.
2) Includes Forestry and Mining.

SOURCE: State of Washington, Employment Security Division.

1822

GX 0-4

PAST TRENDS
LABOR FORCE AND EMPLOYMENT
SPOKANE SMSA
1950 - 1972



SOURCE: Employment Security Division, State of Washington

GX 0-5

EMPLOYMENT BY MAJOR CATEGORY
ANNUAL AVERAGE CHANGE
SPOKANE SMSA

	Period of Expansion 1950-1956	Period of Recession 1956-1963	Period of Recovery 1963-1967	Period of Expansion 1967-Present[1]	22 Year Average
Agriculture	-70	-160	-180	- 20	-100
Contract Construction	230	-240	150	140	50
Manufacturing	380	-390	20	140	20
Lumber	-20	-100	-180	--	- 70
Primary Metals	470	-360	100	-120	10
Food	-70	--	- 20	-120	- 50
Other	--	70	120	380	130
T.C.U.[2]	20	-210	80	- 80	- 70
Trade	630	-240	580	520	320
F.I.R.E.[3]	180	10	80	240	120
Services	280	200	720	740	440
Government	550	270	600	560	470
Miscellaneous	270	- 60	50	80	80
Total Employment	2,470	-800	2,100	2,320	1,330
Unemployment	-30	240	-300	880	210
Total Civilian Work Force	2,430	-560	1,820	3,180	1,540

1) Estimate for 1972 prepared by Urban Economics Division, Larry Smith & Company, Inc
2) Transportation, Communication, & Utilities
3) Finance, Insurance, Real Estate

Note: Columns may not add due to independent rounding.

SOURCE: State of Washington, Employment Security Division data

GX 0-6

ALTERNATIVE EMPLOYMENT PROJECTIONS*
SPOKANE SMSA
1972-1985

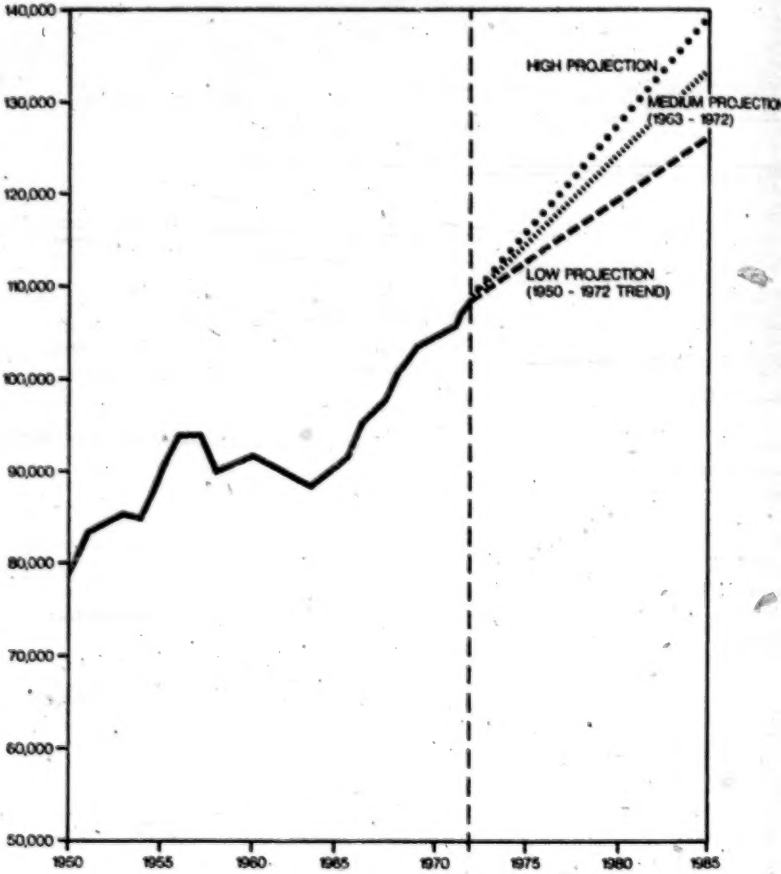
	1975	1980	1985
Low Projection	112,600	119,200	125,900
(Based on 1950-1972 Annual Average Growth or 1,330 persons per year) or say	113,500	119,000	126,000
Medium Projection	114,400	124,100	133,800
(Based on 1962-1972 Annual Average Growth or 1,940 persons per year) or say	114,500	124,000	134,000
High Projection	115,600	127,200	138,800
(Based on 1967-1972 Annual Average Growth or 2,320 persons per year) or say	115,500	127,000	139,000

* Projections for Total Employment

SOURCE: Urban Economics Division of Larry Smith & Company, Inc.

GX 0-7

TOTAL EMPLOYMENT PROJECTIONS
SPOKANE SMSA
1950 - 1985



SOURCE: Employment Security Division
Urban Economics Division, Larry Smith & Company, Inc.

GX 0-8

ALTERNATIVE POPULATION PROJECTIONS
SPOKANE SMSA
(KEYED TO GRAPH)

	1975	1980	1985
Projection 1*	317,600	349,400	381,300
Based on High Employment Projection, or 1967-1972 Growth Trend (approximately 6,300 persons per year after 1972)			
Projection 2*	314,300	340,900	367,600
Based on Medium Employment Projection, or 1962-1972 Growth Trend (approximately 5,300 persons per year)			
Projection 3*	309,340	327,500	345,900
Based on Low Employment Projection, or 1950-1972 Growth Trend (approximately 3,600 persons per year)			
Projection 4	304,000	320,500	337,000
Based on 1950-1970 Growth Trend (approximately 3,300 persons per year)			
Projection 5	292,000	296,500	301,000
Based in 1960-1970 Growth Trend (approximately 900 persons per year)			

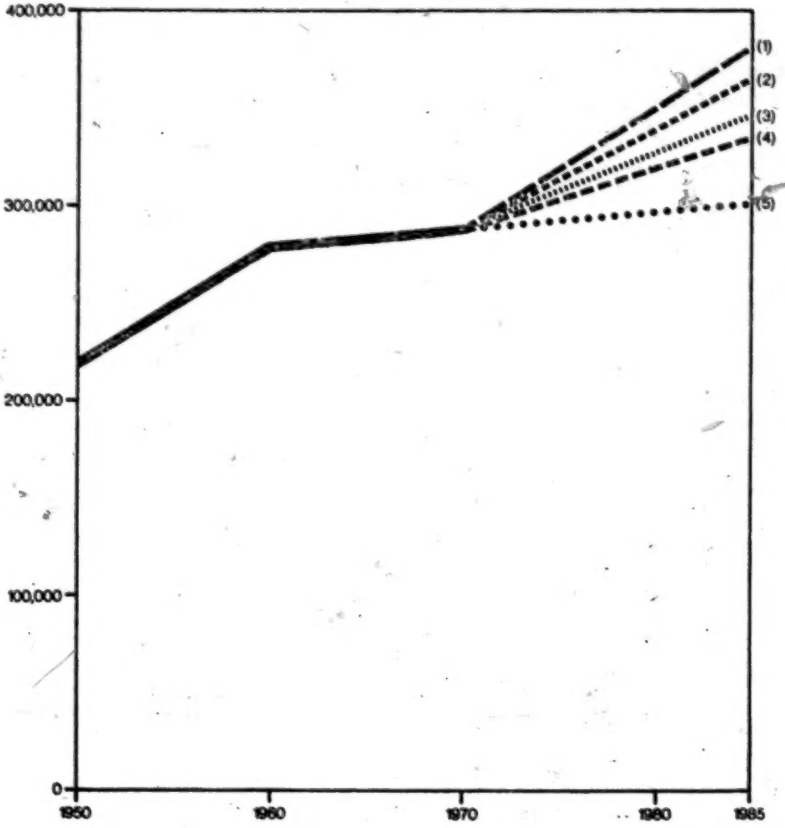
* Population projections based on employment projections assume 36.4% of the population is employed, i.e., the 1970 ratio (104,600 ÷ 287,487).

SOURCE: Urban Economics Division of Larry Smith & Company, Inc.

1827

GX 0-9

ALTERNATIVE POPULATION PROJECTIONS
SPOKANE SMSA
1950 - 1985



SOURCE: U.S. Census
Urban Economics Division, Larry Smith & Company, Inc.

GX 0-11

CONSTRUCTION ACTIVITY
HOUSING UNITS AUTHORIZED
SPOKANE SMSA

Year	Units Authorized
1962	914
1963	729
1964	894
1965	1,058
1966	1,057
1967	1,452
1968	1,891
1969	1,965
1970	2,730
1971	4,018
1972 (through August only)	3,076
1962-1966 Annual Average	930
1967-1971 Annual Average	2,411

SOURCE: Construction Reports (C-40 Series), U.S. Department of Commerce.

GX 0-19

ACTUAL GROSS SUNDAY DISTRIBUTION
"SPOKESMAN - REVIEW" NEWSPAPERS
1972

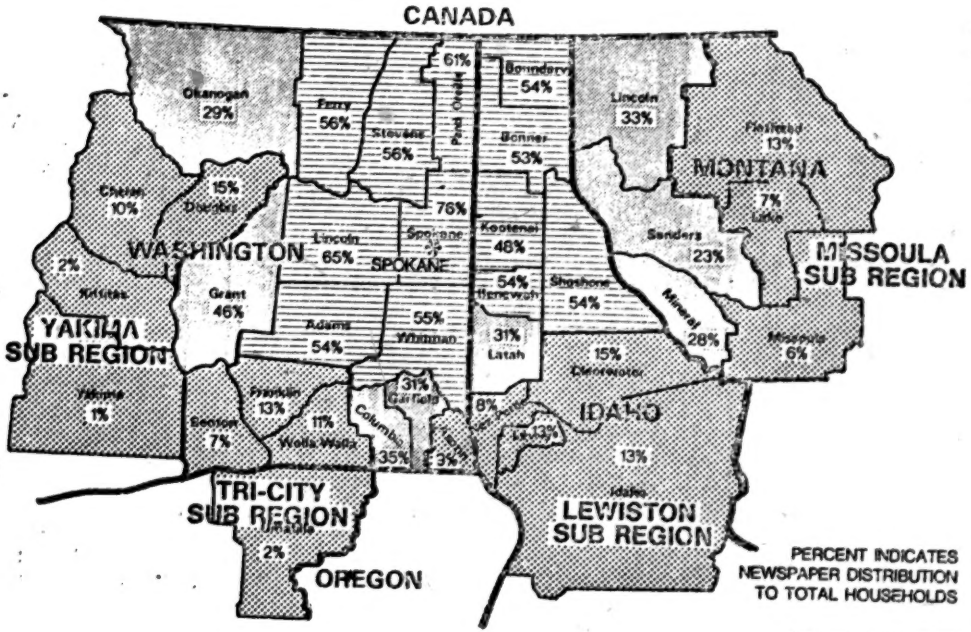
	Actual Gross Distribution	Percent of Total Households
WASHINGTON		
Spokane	71,741	76%
Adams	1,970	54%
Asotin	421	9%
Benton	1,397	7%
Chelan	1,386	10%
Columbia	525	35%
Douglas	793	15%
Leroy	619	56%
Franklin	1,053	13%
Garfield	253	31%
Grant	5,614	46%
Kittitas	156	2%
Lincoln	2,140	65%
Okanogan	2,435	29%
Pend Oreille	1,211	61%
Stevens	3,085	56%
Walla Walla	1,406	11%
Whitman	6,106	55%
Yakima	515	1%
IDAHO		
Benewah	1,125	54%
Bonner	2,711	53%
Boundary	1,135	54%
Clearwater	556	15%
Idaho	484	13%
Kootenai	6,183	48%
Latah	2,669	31%
Lewis	157	13%
Nez Perce	820	8%
Shoshone	3,379	54%
MONTANA		
Flathead	1,638	13%
Lake	323	7%
Lincoln	1,892	33%
Mineral	253	28%
Missoula	1,083	6%
Sanders	597	23%
OREGON		
Umatilla	306	2%

SOURCE: ABC Audit Report to the Audit Bureau of Circulation, Chicago, Illinois. (Audit taken March 12, 1972.)

GX 0-20

THE INLAND EMPIRE

SPOKANE'S REGIONAL RELATIONSHIPS



SOURCE: Spokane Review, ABC Audit Report
U.S. Census

1831

DX 1

TOTAL POPULATION, SPOKANE COUNTY, 1950, and 1960-1970

YEAR	POPULATION (in 000)	PERCENT CHANGE (from previous time period)
1950	221.6	
1960	278.3	25.6
1961	278.7	0.0
1962	279.8	0.4
1963	278.5	-0.4
1964	277.9	-0.2
1965	277.2	-0.2
1966	266.6	-0.2
1967	274.2	2.8
1968	276.3	0.8
1969	280.0	1.3
1970	287.5	2.7

Source: State of Washington, Dept. of Employment & Security, Labor Force, and Employment, Spokane Area.

DX 2

NUMBER OF HOUSEHOLDS, SPOKANE COUNTY, 1950 and 1960-1970

YEAR	No. of HOUSEHOLDS (in 000)	PERCENT CHANGE (from previous time period)
1950	72.5	
1960	92.3	27.3
1961	91.3	-1.0
1962	92.3	1.0
1963	91.9	-0.4
1964	92.1	0.2
1965	91.7	-0.4
1966	93.0	1.4
1967	93.9	0.9
1968	95.1	1.3
1969	96.4	1.4
1970	95.3	-1.1

Source: Sales Management Magazine

DX 3

EMPLOYMENT IN SPOKANE COUNTY /a/
1970 and 1971

ECONOMIC SECTOR	NUMBER OF EMPLOYEES 1970	NUMBER OF EMPLOYEES 1971	PERCENTAGE CHANGE 1970-1971
Agric., Forestry, and Fisheries	210	161	-23.3
Mining	356	333	- 6.5
Contract Construction	4,673	4,423	- 5.3
Manufacturing	12,032	11,700	- 2.8
Transportation & Other Pub. Util.	4,754	4,543	- 4.4
Wholesale Trade	7,483	7,316	- 2.2
Retail Trade	16,608	16,122	- 2.9
Finance, Insur. and Real Estate	5,101	5,216	3.2
Services	16,870	17,196	1.9
Unclassified	270	296	9.6
Total	68,357	67,306	- 1.5

/a/ This data does not include government employees, railroad employees and self-employed persons.

Source: County Business Patterns, U.S. Dept. of Commerce, Bu. of the Census, 1971.

DX 4

COMPARISON OF EMPLOYMENT IN SPOKANE AND KING COUNTIES, 1970 /a/

	SPOKANE COUNTY		KING COUNTY	
	No. of Employees	Percent in each Category	No. of Employees	Percent in each Category
Agric., Forestry, and Fisheries	210	0.31	1,767	0.47
Mining	356	0.52	225	0.06
Contract Const.	4,673	6.84	22,845	6.14
Manufacturing	12,032	17.60	102,534	27.58
Transportation & Other Pub. Util.	4,754	6.84	32,342	8.70
Wholesale Trade	7,483	10.95	33,262	8.95
Retail Trade	16,608	24.30	71,988	19.37
Finance, Insur. & Real Estate	5,101	7.46	33,262	8.95
Services	16,870	24.68	72,231	19.43
Unclassified	270	0.39	1,235	0.33
Totals	68,357	100.00	371,691	100.00

/a/ Mid-March pay period. This data does not include government employees, railroad employees and self-employed persons.

Source: County Business Patterns, U.S. Department of Commerce, Bu. of the Census, 1970.

COMPARISON OF TAXABLE PAYROLLS IN SPOKANE AND KING COUNTIES, 1970 /a/

	SPOKANE COUNTY		KING COUNTY	
	Taxable Payrolls ($1,000)	Percent in each Category	Taxable Payrolls ($1,000)	Percen in eac Categor
Agric., Forestry, and Fisheries	190	0.18	2,628	0.37
Mining	752	0.71	599	0.08
Contract Const.	9,807	9.32	53,939	7.58
Manufacturing	23,348	22.20	254,384	35.73
Transportation & Other Pub. Util.	9,607	9.13	71,332	10.02
Wholesale Trade	14,359	13.66	75,285	10.57
Retail Trade	18,800	17.87	92,895	13.05
Finance, Insur, & Real Estate	8,332	7.92	60,080	8.44
Services	19,701	18.73	99,321	13.95
Unclassified	271	0.27	1,588	0.22
Totals	105,177	100.00	712,051	100.00

/a/ As of Jan- March. This data does not include government employees, railroad employees and self-employed persons.

Source: County Business Patterns, U.S. Department of Commerce, Bu. of the Census, 1970.

DX 6

EFFECTIVE BUYING INCOME SPOKANE COUNTY, 1950 and 1960-1970

YEAR	BUYING INCOME ($1000)	PERCENT CHANGE FROM PREVIOUS PERIOD	EFFECTIVE BUYING INCOME AS A PERCENT OF EFFECTIVE BUYING INCOME FOR THE UNITED STATES
1950	367650		0.18
1960	594973	61.8	0.17
1961	584819	-1.7	0.16
1962	615408	5.2	0.16
1963	626803	1.9	0.16
1964	657158	4.8	0.15
1965	686655	4.5	0.15
1966	749697	9.2	0.15
1967	777699	3.7	0.14
1968	828243	6.5	0.14
1969	904041	9.2	0.14
1970	948201	4.9	0.14

Source: Sales Management Magazine

EMPLOYMENT PROJECTIONS
SPOKANE COUNTY REGION
(in thousands of workers)

ECONOMIC SECTOR	1965	1968	PERCENT CHANGE	1970	PERCENT CHANGE	1972	PERCENT CHANGE
Agric., Forestry, And Mining	3.0	2.7	-10.0	2.7	0.0	2.7	0.0
Manufacturing	12.8	12.5	- 2.3	12.8	2.4	13.3	3.9
Construction	3.4	4.2	23.5	4.1	2.4	4.3	4.9
Transportation, Commun. & Util.	7.0	7.2	2.9	7.3	1.4	7.3	0.0
Trade	21.1	22.8	8.1	22.9	0.4	23.4	2.2
Services	18.8	22.1	17.6	23.6	6.8	24.8	4.8
Government	13.9	16.4	15.2	17.4	6.0	18.9	7.9
Non-Agricultural Self-Employed and Domestic	11.0	11.2	1.8	11.5	2.7	12.0	4.1
Total Employment	91.0	99.0	9.1	102.4	3.4	106.5	3.8

Source: Regional Economies of Washington State, Department of Commerce and Economic Development, June, 1969, p. 54.

DX 9

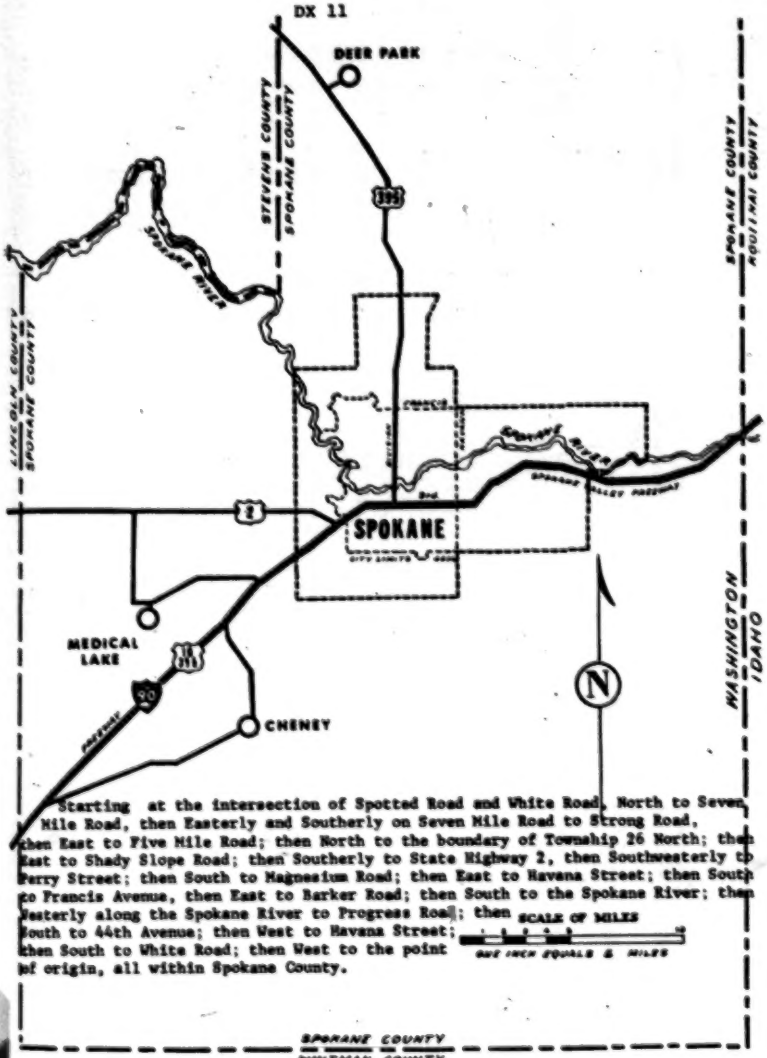
EMPLOYMENT, SPOKANE COUNTY
1950 and 1960-1969

YEAR	TOTAL EMPLOYED (in 000)	PERCENT CHANGE FROM PREVIOUS YEAR
1950	79.4	
1960	91.8	15.6
1961	90.4	- 1.5
1962	89.2	- 1.3
1963	88.6	- 0.6
1964	89.6	1.1
1965	91.3	1.9
1966	95.4	4.5
1967	97.0	1.7
1968	100.2	3.3
1969	103.7	3.5

Source: State of Washington, Dept of Employment and Security, Labor Force and Employment in the Spokane Area.

MAP(S) IS/ARE TOO LARGE TO BE FILMED

DX 11



Starting at the intersection of Spotted Road and White Road, North to Seven Mile Road, then Easterly and Southerly on Seven Mile Road to Strong Road, then East to Five Mile Road; then North to the boundary of Township 26 North; then East to Shady Slope Road; then Southerly to State Highway 2, then Southwesterly to Perry Street; then South to Magnesium Road; then East to Havana Street; then South to Francis Avenue, then East to Barker Road; then South to the Spokane River; then Westerly along the Spokane River to Progress Road; then South to 44th Avenue; then West to Havana Street; then South to White Road; then West to the point of origin, all within Spokane County.

Relative Shares of Total State Deposits of the Largest, Two Largest, Three Largest and Five Largest Banks or Bank Groups, States with Statewide Branching Laws, 1955 and 1970*
(Figures in Percent)

State	Largest Bank or Bank Group			Largest Two Banks or Bank Groups		
	1955	1970	Change	1955	1970	Change
Alaska	25.87	33.27	+ 7.40	44.44	60.01	+15.57
Arizona	47.38	45.95	- 1.43	69.06	78.67	+ 9.61
California	44.18	38.30	- 5.88	54.51	50.87	- 3.64
Connecticut	17.37	18.47	+ 1.10	33.35	36.31	+ 2.96
Delaware	43.55	32.80	-10.75	62.36	53.62	- 8.74
District of Columbia	29.61	30.40	+ 0.79	47.24	53.87	+ 6.63
Hawaii	48.68	37.09	-11.59	89.00	69.21	-19.79
Idaho	35.07	36.67	+ 1.60	68.14	66.05	- 2.09
Maine	11.73	13.16	+ 1.43	19.04	26.18	+ 7.14
Maryland	13.64	19.20	+ 5.56	25.86	31.92	+ 6.06
Nevada	76.84	61.72	-15.12	89.87	77.15	-12.72
North Carolina	16.64	20.58	+ 3.94	25.72	37.45	+11.73
Oregon	44.97	42.31	- 2.66	87.77	80.60	- 7.17
Rhode Island	53.73	50.47	- 3.26	87.94	81.72	- 6.22
South Carolina	21.92	22.89	+ 0.97	33.17	36.91	+ 3.74
South Dakota	23.74	23.47	- 0.27	32.09	39.43	+ 7.34
Utah	26.47	30.24	+ 3.77	43.80	45.68	+ 1.88
Vermont	8.16	14.30	+ 6.14	15.74	28.43	+12.69
Virginia	7.57	13.73	+ 6.16	14.74	25.08	+10.34
WASHINGTON	32.74	32.38	- 0.36	51.83	52.66	+ 0.83
Average	31.49	30.87	- 0.62	49.78	51.59	+ 1.81

Exhibit 1 .... continued

State	Largest Three Banks or Bank Groups			Largest Five Banks or Bank Groups		
	1955	1970	Change	1955	1970	Change
Alaska	58.24	69.26	+11.02	71.81	85.25	+13.44
Arizona	90.38	90.58	+ 0.20	95.61	96.93	+ 1.32
California	61.88	60.90	- 0.98	75.48	77.53	+ 2.05
Connecticut	39.63	45.83	+ 6.20	48.65	59.80	+11.15
Delaware	73.41	74.23	+ 0.82	84.35	91.45	+ 7.10
District of Columbia	64.39	69.72	+ 5.33	73.96	90.16	+16.20
Hawaii	92.97	76.49	-16.48	98.71	88.93	- 9.78
Idaho	75.58	77.47	+ 1.89	83.71	86.29	+ 2.58
Maine	25.67	35.28	+ 9.61	36.82	51.78	+14.96
Maryland	36.33	42.56	+ 6.23	49.02	60.31	+11.29
Nevada	94.34	86.83	- 7.51	100.00	97.57	- 2.43
North Carolina	33.14	51.02	+17.88	42.15	66.84	+24.69
Oregon	89.10	83.58	-15.52	91.09	86.29	- 4.80
Rhode Island	90.89	85.82	- 5.07	96.02	92.65	- 3.37
South Carolina	38.21	46.63	+ 8.42	45.74	59.23	+13.49
South Dakota	37.19	42.41	+ 5.22	41.01	46.55	+ 5.54
Utah	56.97	59.13	+ 2.16	70.60	71.51	+ 0.91
Vermont	20.77	37.46	+16.69	29.66	49.47	+19.81
Virginia	20.60	34.23	+13.63	27.99	48.06	+20.07
WASHINGTON	58.82	60.04	+ 1.22	72.07	73.07	+ 1.00
Average	53.63	57.18	+ 3.55	66.72	73.98	+ 7.26

*1955 figures are for December 31; 1970 figures are for June 30.

SOURCE: FDIC Summary of Accounts and Deposits in all Commercial Banks, June 30, 1970

DX 13

Relative Share of Total State Deposits of the Second Largest Bank or Banking Organization in States with Statewide Branching Laws 1955 and 1970*

(figures in percent)

State	1955	1970	Change
Alaska	18.57	26.74	+ 8.17
Arizona	21.68	32.72	+11.04
California	10.33	12.57	+ 2.24
Connecticut	15.98	17.84	+ 1.86
Delaware	18.81	20.82	+ 2.01
District of Columbia	17.63	23.47	+ 5.84
Hawaii	40.32	32.12	- 8.20
Idaho	33.07	29.38	- 3.69
Maine	7.31	13.02	+ 5.71
Maryland	12.22	12.72	+ 0.50
Nevada	13.03	15.43	+ 2.40
North Carolina	9.08	16.87	+ 7.79
Oregon	42.80	38.29	- 4.51
Rhode Island	34.21	31.25	- 2.96
South Carolina	11.25	14.02	+ 2.77
South Dakota	8.35	15.96	+ 7.61
Utah	17.33	15.44	- 1.89
Vermont	7.58	14.13	+ 6.55
Virginia	7.17	11.35	+ 4.18
WASHINGTON	19.09	20.28	+ 1.19
Average	18.29	20.72	+ 2.43

*1955 figures are for December 31st; 1970 figures are for June 30th.

Source: Calculated from FDIC data.

DX 14

Number of Commercial Banks and Banking Offices, by State 1960, 1965, and 1971

State	1960 Number of: Banks	1960 Number of: Offices	1965 Number of: Banks	1965 Number of: Offices	1971 Number of: Banks	1971 Number of: Offices
Alabama	238	328	263	426	273	576
Alaska	13	46	12	65	11	76
Arizona	10	189	18	276	13	360
Arkansas	237	283	246	354	253	432
California	117	1,793	199	2,623	152	3,328
Colorado	192	199	250	258	278	307
Connecticut	70	268	68	381	63	532
Delaware	20	74	20	85	18	117
District of Columbia	12	77	15	103	14	122
Florida	309	323	443	461	540	583
Georgia	421	527	429	625	434	846
Hawaii	12	98	12	128	10	152
Idaho	32	115	25	152	24	189
Illinois	966	970	1,051	1,056	1,134	1,257
Indiana	443	754	422	893	408	1,079
Iowa	673	856	673	908	666	995
Kansas	587	612	599	648	603	676
Kentucky	355	501	346	578	343	704
Louisiana	190	366	214	462	235	649
Maine	47	180	44	219	44	281
Maryland	133	384	122	516	112	679
Massachusetts	171	545	161	729	158	939
Michigan	380	958	354	1,247	331	1,585
Minnesota	689	695	722	732	731	748
Mississippi	193	329	196	417	183	552
Missouri	626	651	655	718	672	772
Montana	121	122	131	134	144	154
Nebraska	426	438	436	464	443	488
Nevada	7	44	9	72	8	97
New Hampshire	74	78	74	101	74	143
New Jersey	253	689	233	906	211	1,308
New Mexico	55	111	64	159	68	208
New York	402	1,786	344	2,276	311	2,867
North Carolina	183	691	146	883	95	1,319
North Dakota	156	185	169	218	169	241

Exhibit 4.... continued

State	1960 Number of: Banks	1960 Number of: Offices	1965 Number of: Banks	1965 Number of: Offices	1971 Number of: Banks	1971 Number of: Offices
Ohio	585	1,223	542	1,490	514	1,884
Oklahoma	389	412	421	459	437	508
Oregon	51	246	51	316	46	405
Pennsylvania	703	1,496	571	1,809	454	2,280
Rhode Island	9	100	11	136	13	192
South Carolina	145	292	129	399	99	558
South Dakota	174	233	170	246	159	259
Tennessee	297	513	298	627	310	838
Texas	1,011	1,039	1,142	1,194	1,215	1,301
Utah	50	124	56	165	50	198
Vermont	56	89	48	105	42	131
Virginia	305	589	262	820	245	1,132
WASHINGTON	87	378	100	509	92	681
West Virginia	182	182	187	187	199	205
Wisconsin	559	717	581	751	611	897
Wyoming	55	56	69	70	71	73
U. S.	13,471	23,954	13,803	29,556	13,783	36,903

Source: FDIC, Annual Report, 1971, 1965, and 1960.

DX 15

The Change in Number of Commercial Banks and Banking Offices, by State 1960 to 1965, 1965 to 1971, and 1960 to 1971

State	1960-1965 Number of: Banks	1960-1965 Number of: Offices	1965-1971 Number of: Banks	1965-1971 Number of: Offices	1960-1971 Number of: Banks	1960-1971 Number of: Offices
Alabama	25	98	10	150	35	248
Alaska	- 1	19	- 1	11	- 2	30
Arizona	8	87	- 5	84	3	171
Arkansas	9	71	7	78	16	149
California	82	830	-47	705	35	1,535
Colorado	58	59	28	49	86	108
Connecticut	- 2	113	- 5	151	- 7	264
Delaware	0	11	- 2	32	- 2	43
District of Columbia	3	26	- 1	19	2	45
Florida	134	138	97	122	231	260
Georgia	8	98	5	221	13	319
Hawaii	0	30	- 2	24	- 2	54
Idaho	- 7	37	- 1	37	- 8	74
Illinois	85	86	83	201	168	287
Indiana	-21	139	-14	186	-35	325
Iowa	0	52	- 7	87	- 7	139
Kansas	12	36	4	28	16	64
Kentucky	- 9	77	- 3	126	-12	203
Louisiana	24	96	21	187	45	283
Maine	- 3	39	0	62	- 3	101
Maryland	-11	132	-10	163	-21	295
Massachusetts	-10	184	- 3	210	-13	394
Michigan	-26	289	-23	338	-49	627
Minnesota	33	37	9	16	42	53
Mississippi	3	88	-13	135	-10	223
Missouri	29	67	17	54	46	121
Montana	10	12	13	20	23	32
Nebraska	10	26	7	24	17	50
Nevada	2	28	- 1	25	1	53
New Hampshire	0	23	0	42	0	65
New Jersey	-20	217	-22	402	-42	619
New Mexico	9	48	4	49	13	97
New York	-58	490	-33	591	-91	1,081
North Carolina	-37	192	-51	436	-88	628
North Dakota	13	33	0	23	13	56

State	1960-1965 Number of: Banks	1960-1965 Number of: Offices	1965-1971 Number of: Banks	1965-1971 Number of: Offices	1960-1971 Number of: Banks	1960-1971 Number of: Offices
Ohio	-43	267	-28	394	-71	661
Oklahoma	32	47	16	49	48	96
Oregon	0	70	- 5	89	- 5	159
Pennsylvania	-132	313	-117	471	-249	784
Rhode Island	2	36	2	56	4	92
South Carolina	-16	107	-30	159	-46	266
South Dakota	- 4	13	-11	13	-15	26
Tennessee	1	114	12	211	13	325
Texas	131	155	73	107	204	262
Utah	6	41	- 6	33	0	74
Vermont	- 8	16	- 6	26	-14	42
Virginia	-43	231	-17	312	-60	543
WASHINGTON	13	131	- 8	172	5	303
West Virginia	5	5	12	18	17	23
Wisconsin	22	34	30	146	52	180
Wyoming	14	14	2	3	16	17
U. S.	332	5,602	-20	7,347	312	12,949

Source: FDIC, Annual Report, 1960, 1965, and 1971.

DX 16

Percentage Changes in Number of Commercial Banks and Banking Offices, by State 1960-1965, 1965-1971, and 1960-1971

State	Percentage Changes					
	1960-1965		1965-1971		1960-1971	
	Banks	Offices	Banks	Offices	Banks	Offices
Alabama	10.5	29.9	3.8	35.2	14.7	75.6
Alaska	- 7.7	41.3	- 8.3	16.9	-15.4	65.2
Arizona	80.0	46.0	-27.8	30.4	30.0	90.5
Arkansas	3.8	25.1	2.9	22.0	6.8	52.7
California	70.1	46.3	-23.6	26.9	29.9	85.6
Colorado	30.2	29.7	11.2	19.0	44.8	54.3
Connecticut	- 2.9	42.2	- 7.4	39.6	-10.0	98.5
Delaware	0.0	14.9	-10.0	37.7	-10.0	58.1
District of Columbia	25.0	33.8	- 6.7	18.5	16.7	58.4
Florida	43.4	42.7	21.9	26.5	74.8	80.5
Georgia	1.9	18.6	1.2	35.4	3.1	97.2
Hawaii	0.0	30.6	-16.7	18.8	-16.7	55.1
Idaho	-21.9	32.2	- 4.0	24.3	-25.0	64.4
Illinois	8.8	8.9	7.9	19.0	17.4	29.6
Indiana	- 4.7	18.4	- 3.3	20.8	- 7.9	43.1
Iowa	0.0	6.1	- 1.0	9.6	- 1.0	16.2
Kansas	2.0	5.9	0.7	4.3	2.7	10.5
Kentucky	- 2.5	15.4	- 0.9	21.8	- 3.4	40.5
Louisiana	12.6	26.2	9.8	40.5	23.7	77.3
Maine	- 6.4	21.7	0.0	28.3	- 6.4	56.1
Maryland	- 8.3	34.4	- 8.2	31.6	-15.8	76.8
Massachusetts	- 5.9	33.8	- 1.9	28.8	- 7.6	72.3
Michigan	- 6.8	30.2	- 6.5	27.1	-12.9	65.5
Minnesota	4.8	5.3	1.3	2.2	6.1	7.6
Mississippi	1.6	26.8	- 6.6	32.4	- 5.2	67.8
Missouri	4.6	10.3	2.6	7.5	7.4	18.6
Montana	8.3	9.8	9.9	14.9	19.0	26.2
Nebraska	2.4	5.9	1.6	5.2	4.0	11.4
Nevada	28.6	63.6	-11.1	34.7	14.3	104.5
New Hampshire	0.0	29.5	0.0	41.6	0.0	83.3
New Jersey	- 7.9	31.5	- 9.4	44.4	-16.6	89.8
New Mexico	16.4	43.2	6.3	30.8	23.6	87.4
New York	-14.4	27.4	- 9.6	26.0	-22.6	60.5
North Carolina	-20.2	27.8	-34.9	49.4	-48.1	90.9

State	Percentage Change 1960-1965 Banks	1960-1965 Offices	1965-1971 Banks	1965-1971 Offices	1960-1971 Banks	1960-1971 Offices
North Dakota	8.3	17.8	0.0	10.6	8.3	30.3
Ohio	- 7.4	21.8	- 5.2	26.4	-12.1	54.1
Oklahoma	8.2	11.4	3.8	10.7	12.3	23.3
Oregon	0.0	28.5	- 9.8	28.2	- 9.8	64.6
Pennsylvania	-18.8	20.9	-20.5	26.0	-35.4	52.4
Rhode Island	22.2	36.0	18.2	41.2	44.4	92.0
South Carolina	-11.0	36.6	-23.3	39.9	-31.7	91.1
South Dakota	- 2.3	5.6	- 6.5	5.3	- 8.6	11.2
Tennessee	0.3	22.2	4.0	33.7	4.4	63.4
Texas	13.0	14.9	6.4	9.0	20.2	25.2
Utah	12.0	33.1	-10.7	20.0	0.0	59.7
Vermont	-14.3	18.0	-12.5	24.8	-25.0	47.2
Virginia	-14.1	39.2	- 6.5	38.1	-19.7	92.2
WASHINGTON	14.9	34.7	- 8.0	33.8	5.8	80.2
West Virginia	2.8	2.8	6.4	9.6	9.3	12.6
Wisconsin	3.9	4.7	5.2	19.4	9.3	25.1
Wyoming	25.5	25.0	2.9	4.3	29.1	30.4
U. S.	2.5	23.4	- 0.1	24.9	2.3	54.1

Source: FDIC, Annual Report, 1971, 1965, and 1960.

Number of Towns in Selected Population Ranges With Indicated Number of Commercial Banks, State of Washington, 1960 and 1971*

Number of Banks	Number of Towns in Population Range					
	2,000 - 4,999		5,000 - 9,999		10,000 - 19,999	
	1960	1971	1960	1971	1960	1971
0	14	17	0	1	0	1
1	26	16	11	6	2	1
2	10	21	7	12	8	5
3	0	4	0	2	2	8
4	0	0	0	0	2	2
5	0	0	0	0	0	1
Total Banks	46	70	25	36	32	48
Total Towns	50	58	18	21	14	18
Average Number of Banks Per Town	.92	1.21	1.39	1.71	2.29	2.67

*Number of banks in 1960 in towns with 1960 populations in the specified ranges, and number of banks in 1971 with 1970 populations in the specified ranges.

Sources: U.S. Census of Population, 1960 and 1970; FDIC, Operating Banking Offices, January 1, 1972; and Rand McNally, World Bank Directory, 1st Edition, 1961.

DX 18

Number of Banks and Banking Offices in Cities Where Branch Banking is Permitted and With 1970 Populations of 125,000 - 225,000
January 1, 1972

City	State	Population	Number of Banks	Number of Offices	Population Per Bank	Population Per Office
Huntsville	Alabama	137,802	6	28	22,967	4,921
Mobile	Alabama	190,026	4	22	47,506	8,637
Montgomery	Alabama	133,386	5	23	26,677	5,799
Anaheim	California	166,701	12	25	13,891	6,668
Fresno	California	165,972	10	38	16,597	4,367
Glendale	California	132,752	6	14	22,125	9,482
Riverside	California	140,089	6	21	23,348	6,670
Santa Ana	California	156,601	18	34	8,700	4,605
Torrance	California	134,584	11	20	12,234	6,729
Bridgeport	Connecticut	156,542	6	27	26,090	5,797
Hartford	Connecticut	158,017	6	30	26,336	5,267
New Haven	Connecticut	137,707	5	24	27,541	5,737
Columbus	Georgia	154,168	4	24	38,542	6,423
Evansville	Indiana	138,764	4	21	34,691	6,607
Fort Wayne	Indiana	177,671	5	32	35,534	5,552
Gary	Indiana	175,415	2	11	87,707	15,946
South Bend	Indiana	125,580	5	28	25,116	4,485
Baton Rouge	Louisiana	165,963	6	42	27,660	3,951
Metairie	Louisiana	135,816	5	12	27,163	11,318
Shreveport	Louisiana	182,064	6	41	30,344	4,440
Springfield	Massachusetts	163,905	4	30	40,976	5,463

1852

City	State	Population	Number of Banks	Number of Offices	Population Per Bank	Population Per Office
Worcester	Massachusetts	176,572	5	20	35,314	8,828
Flint City	Michigan	193,317	3	35	64,439	5,523
Grand Rapids	Michigan	197,649	4	50	49,412	3,952
Lansing	Michigan	131,546	3	22	43,848	5,979
Warren	Michigan	179,260	5	12	35,852	14,938
Jackson	Mississippi	153,968	4	33	38,492	4,665
Las Vegas	Nevada	125,787	5	26	25,157	4,831
Paterson	New Jersey	144,824	4	17	36,206	8,519
Syracuse	New York	197,208	5	31	39,441	6,361
Yonkers	New York	204,370	7	25	29,195	8,174
Greensboro	North Carolina	144,076	8	39	18,009	3,694
Winston-Salem	North Carolina	132,913	5	33	26,582	4,027
Youngstown	Ohio	139,788	4	18	34,947	7,766
Erie	Pennsylvania	129,231	4	19	32,307	6,801
Providence	Rhode Island	179,213	7	46	25,601	3,895
Knoxville	Tennessee	174,587	6	34	29,097	5,134
Salt Lake City	Utah	175,885	11	46	15,989	3,823
Newport News	Virginia	138,177	6	24	23,029	5,757
Virginia Beach	Virginia	172,106	7	30	24,586	5,736
SPOKANE	Washington	170,516	6	34*	28,419	5,015
Tacoma	Washington	154,581	6	37	25,763	4,177
Madison	Wisconsin	173,258	12	16	14,438	10,828
Averages					30,648	6,449

1853

*Excludes branch of American Commercial Bank added in 1972, reducing population per office to 4,872.

Sources: U.S. Bureau of the Census, 1970 Census of Population;
FDIC: Operating Banking Offices, January 1, 1972.

1854

DX 19

Number of Towns in Selected Population Ranges With Indicated Number of Commercial Banking Offices, State of Washington 1960 and 1971*

Number of Banking Offices	Number of Towns in Population Range					
	2,000 - 4,999		5,000 - 9,999		10,000 - 19,999	
	1960	1970	1960	1970	1960	1970
0	14	17	0	1	0	1
1	26	16	10	5	2	1
2	10	18	7	11	6	3
3	0	7	1	4	3	5
4	0	0	0	0	3	3
5	0	0	0	0	0	3
6	0	0	0	0	0	1
7	0	0	0	0	0	0
8	0	0	0	0	0	1
Total Offices	46	73	27	39	35	63
Total Towns	50	58	18	21	14	18
Average Number of Offices Per Town	.92	1.26	1.50	1.86	2.50	3.50

*Number of banking offices in 1960 in towns with 1960 populations in the specified ranges, and number of banking offices in 1971 with 1970 populations in the specified ranges.

Sources: U.S. Census of Population, 1960 and 1970; FDIC, Operating Banking Offices, January 1, 1972; and Rand McNally World Bank Directory, 1st Edition, 1961.

1865

DX 20

Assets Held by Depository Institutions in the United States and the State of Washington, December 31, 1970*

	U.S.		Washington	
	Total Assets (millions)	Percentages of Total	Total Assets (millions)	Percentages of Total
Commercial Banks	$576,351	70.7	$6,871	62.5
Mutual Savings Banks	68,541	8.4	1,407	12.8
Savings and Loan Associations	170,645	20.9	2,712	24.7
Totals	$815,537		$10,990	

* Latest date for which savings and loan data available.

Sources: Federal Deposit Insurance Corporation, Assets and Liabilities of Commercial and Mutual Savings Banks, December 31, 1970; and United States Savings and Loan League, Savings and Loan Fact Book, 1971.

DX 21

Inter - State Comparison of Total Assets Growth of Insured Mutual Savings Banks, Selected Years

(Dollars in Thousands)

State	Dec. 30, 1960	June 30, 1971	Percentage Change 1960-71
Connecticut	2,811,777	6,388,666	127.2
Indiana	63,598	132,580	108.5
Maine	349,847	1,104,162	215.6
Maryland	620,093	1,064,815	71.7
Massachusetts	1,187,697	2,389,954	101.2
New Hampshire	620,122	1,252,116	101.9
New Jersey	1,488,858	3,668,697	146.4
New York	23,913,220	48,470,177	102.6
Pennsylvania	2,291,719	5,087,521	122.0
Rhode Island	560,351	1,308,732	133.6
Vermont	131,998	344,673	161.1
WASHINGTON	421,518	1,563,989	271.0
Wisconsin	26,979	42,790	58.6
Alaska, Delaware, Minnesota, Ohio, Oregon & Puerto Rico*	604,695	1,336,580	121.0
All States and Other Areas	35,092,472	74,155,452	111.3

*FDIC does not provide individual breakdowns for these states.

Source: FDIC, Report of Income: Assets & Liabilities of Commercial & Mutual Savings Banks, selected years.

DX 22

Total Deposits of Commercial and Mutual Savings Banks and Savings and Loan Associations With Offices in the City of Spokane December 31, 1971

	Number of Offices in Spokane	Total Deposits (000's)
Commercial Banks		
American Commercial Bank	3*	$ 12,648
First National Bank in Spokane	4	40,416
Old National Bank of Washington	15	325,022
Pacific National Bank of Washington	1	642,938
Seattle-First National Bank	4	2,272,005
Washington Trust Bank	7	95,648
Mutual Savings Banks		
Fidelity Mutual Savings Bank	3	260,931
Washington Mutual Savings Bank	3	916,857
Savings & Loan Associations		
Equitable Savings & Loan Association	1	353,543
Great Western Savings & Loan Association	1	13,431
Lincoln First Federal Savings & Loan Association	6	234,667

*Excludes branch added in 1972.

Sources: American Bank Directory, Spring Edition, 1972;
FDIC: Operating Banking Offices, January 1, 1972;
Savings and Loan Association Statements of Condition.

DX 23

*Washington Trust Bank Demand Deposits Originating in Washington State, by County of Account Address January 31, 1972

County	Number	Dollar Amount
Adams	12	$ 6,278
Asotin	2	45,659
Benton	2	5,039
Chelan	3	2,352
Clallam	--	2,352
Clark	4	1,778
Columbia	3	3,636
Cowlitz	--	--
Douglas	--	--
Ferry	9	14,695
Franklin	4	2,458
Garfield	14	5,820
Grant	2	783
Gray's Harbor	--	--
Island	1	41
Jefferson	--	--
King	38	325,606
Kitsap	1	1,236
Kittitas	1	16
Klickitat	--	--
Lewis	--	--
Lincoln	127	176,516
Mason	--	--
Okanogan	11	19,630
Pacific	1	1,648
Pend Oreille	37	19,150
Pierce	6	18,186
San Juan	1	954
Skagit	1	27
Skamania	--	--
Snohomish	3	2,139
Spokane	17,337	30,341,705
Stevens	69	250,771
Thurston	6	535,600
Wahkiakum		--

1860

County	Number	Dollar Amount
Walla Walla	9	$ 136,786
Whatcom	1	*
Whitman	61	144,521
Yakima	11	49,719
Total	17,777	$32,115,101
Percentage originating in Spokane County	97.5	94.4

*Less than $1.

Source: Defendants' Answer to Plaintiff's Interrogatory Number 16, March 10, 1972.

DX 24

Origin of Washington Trust Bank Deposit Accounts
January 31, 1972

Total Deposits

Area	Number	Dollar Amount	Percentage of: Number	Dollars
Metropolitan Spokane (ZIP-Codes 99201-99220)	35,890	$71,667,976	90.1	85.7
Spokane County (excluding Metropolitan Spokane)	1,646	2,495,915	4.1	3.0
Eastern Washington* (excluding Spokane County)	1,022	3,439,844	2.6	4.1
Western Washington*	201	1,207,782	0.5	1.4
Idaho	473	2,151,509	1.2	2.6
Oregon	55	415,956	0.1	0.5
Montana	102	377,472	0.3	0.5
Elsewhere	430	1,779,457	1.1	2.1
Total**	39,819	$83,535,911	100.0	100.0

*The eastern part of the state is defined as the region extending from the Idaho border to the western boundaries of Okanagan, Chelan, Kittitas, Yakima and Klickitat Counties.

**Excludes accounts with ZIP-Code addresses and accounts with negative balances, for which no information is available. With these included, there would be 40,874 accounts for $88,691,375.

Source: Defendants' Answer to Plaintiff's Interrogatory Number 16, March 10, 1972.

DX 25

Origin of Washington Trust Bank Deposit Accounts
January 31, 1972

Total Demand Deposits

Area	Number	Dollar Amount	Percentage of: Number	Percentage of: Dollars
Metropolitan Spokane (ZIP-Codes 99201-99220)	16,575	$29,745,089	91.3	86.3
Spokane County (excluding Metropolitan Spokane)	762	596,616	4.2	1.7
Eastern Washington* (excluding Spokane County)	379	883,829	2.1	2.6
Western Washington*	63	887,210	0.3	2.6
Idaho	177	873,593	1.0	2.5
Oregon	23	197,940	0.1	0.6
Montana	23	141,979	0.1	0.4
Elsewhere	157	1,129,207	0.9	3.3
Total**	18,159	$34,455,463	100.0	100.0

*The eastern part of the state is defined as the region extending from the Idaho border to the western boundaries of Okanagan, Chelan, Kittitas, Yakima, and Klickitat Counties.

**Excludes accounts without ZIP-Code addresses and accounts with negative balances, for which no information is available.

Source: Defendants' Answer to Plaintiff's Interrogatory Number 16, March 10, 1972.

DX 26

Origin of Washington Trust Bank Deposit Accounts
January 31, 1972

Total Time Deposits*

Area	Number	Dollar Amount	Percentage of: Number	Percentage of: Dollars
Metropolitan Spokane (ZIP-Codes 99201-99220)	19,315	$41,922,887	89.2	85.4
Spokane County (excluding Metropolitan Spokane)	884	1,899,299	4.1	3.9
Eastern Washington** (excluding Spokane County)	643	2,556,015	3.0	5.2
Western Washington**	138	320,572	0.6	0.7
Idaho	296	1,277,916	1.4	2.6
Oregon	32	218,016	0.1	0.4
Montana	79	235,493	0.4	0.5
Elsewhere	273	650,250	1.3	1.3
Total***	21,660	$49,080,448	100.0	100.0

*Includes savings deposit accounts.

**The eastern part of the state is defined as the region extending from the Idaho border to the western boundaries of Okanagan, Chelan, Kittitas, Yakima, and Klickitat Counties.

***Excludes accounts without ZIP-Code addresses and accounts with negative balances for which no information is available. With these included, there would be 22,336 accounts for $51,832,764.

Source: Defendants' Answer to Plaintiff's Interrogatory Number 16, March 10, 1972.

DX 27

Origin of Washington Trust Bank Deposit Accounts
January 31, 1972

Savings Accounts

Area	Number	Dollar Amount	Percentage of: Number	Percentage of: Dollars
Metropolitan Spokane (ZIP-Codes 99201-99220)	14,780	$24,594,524	89.8	84.6
Spokane County (excluding Metropolitan Spokane)	711	1,229,402	4.3	4.2
Eastern Washington* (excluding Spokane County)	420	1,590,309	2.6	5.5
Western Washington*	92	205,556	0.6	0.7
Idaho	209	701,093	1.3	2.4
Oregon	26	144,876	0.2	0.5
Montana	44	112,756	0.3	0.4
Elsewhere	178	486,859	1.1	1.7
Total**	16,460	$29,065,375	100.0	100.0

*The eastern part of the state is defined as the region extending from the Idaho border to the western boundaries of Okanagan, Chelan, Kittitas, Yakima, and Klickitat Counties.

**Excludes accounts without ZIP-Code addresses and accounts with negative balances, for which no information is available. With these included, there would be 16,483 accounts for $29,189,107.

Source: Defendants' Answer to Plaintiff's Interrogatory Number 16, March 10, 1972.

Origin of Washington Trust Bank Loan Accounts
January 31, 1972

Total Real Estate Loans

Area	Number	Dollar Amount	Percentage of: Number	Percentage of: Dollars
Metropolitan Spokane (ZIP-Codes 99201-99220)	260	$8,264,849	89.7	87.3
Spokane County (excluding Metropolitan Spokane)	5	53,042	1.7	0.6
Eastern Washington* (excluding Spokane County)	13	334,446	4.5	3.5
Idaho	7	493,603	2.4	5.2
Oregon	--	--	--	--
Montana	--	--	--	--
Elsewhere	5	321,513	1.7	3.4
Total	290	$9,467,452	100.0	100.0

*The eastern part of the state is defined as the region extending from the Idaho border to the western boundaries of Okanagan, Chelan, Kittitas, Yakima, and Klickitat Counties.

Source: Defendants' Answer to Plaintiff's Interrogatory Number 16, March 10, 1972.

DX 29

Origin of Washington Trust Bank Loan Accounts
January 31, 1972

Commercial and Industrial Loans

Area	Number	Dollar Amount	Percentage of: Number	Percentage of: Dollars
Metropolitan Spokane (ZIP-Codes 99201-99220)	714	$26,787,445	79.8	79.1
Spokane County (excluding Metropolitan Spokane)	37	277,736	4.1	0.8
Eastern Washington* (excluding Spokane County)	84	2,462,542	9.4	7.3
Idaho	37	2,529,126	4.1	7.5
Oregon	7	902,365	0.8	2.7
Montana	6	60,645	0.7	0.2
Elsewhere	10	809,405	1.1	2.4
Total	895	$33,829,267	100.0	100.0

*The eastern part of the state is defined as the region extending from the Idaho border to the western boundaries of Okanagan, Chelan, Kittitas, Yakima, and Klickitat Counties.

Source: Defendants' Answer to Plaintiff's Interrogatory Number 19, March 10, 1972.

DX 30

Origin of Washington Trust Bank Loan Accounts
January 31, 1972

Individual Installment Loans

Area	Number	Dollar Amount	Percentage of: Number	Percentage of: Dollars
Metropolitan Spokane (ZIP-Codes 99201-99220)	4,527	$6,006,689	73.8	70.1
Spokane County (excluding Metropolitan Spokane)	536	841,453	8.7	9.8
Eastern Washington* (excluding Spokane County)	409	673,655	6.7	7.9
Idaho	361	643,067	5.9	7.5
Oregon	23	37,833	0.4	0.4
Montana	47	61,565	0.8	0.7
Elsewhere	232	305,650	3.8	3.6
Total	6,135	$8,569,912	100.0	100.0

*The eastern part of the state is defined as the region extending from the Idaho border to the western boundaries of Okanagan, Chelan, Kittitas, Yakima, and Klickitat Counties.

Source: Defendants' Answer to Plaintiff's Interrogatory Number 19, March 10, 1972.

DX 31

Population Changes in the State of Washington, by County, Ranked by Percentage Change 1960 - 1970

	County		1970 Population	Percentage Change 1960 - 1970
1.	Snohomish	(W)	265,236	54.0
2.	Thurston	(W)	76,894	39.7
3.	Island	(W)	27,011	37.5
4.	Clark	(W)	128,454	36.9
5.	San Juan	(W)	3,856	34.3
6.	Mason	(W)	20,918	28.7
7.	Pierce	(W)	411,027	27.8
8.	King	(W)	1,156,633	23.7
9.	Kittitas	(E)	25,039	22.3
10.	Whitman*	(E)	37,900	21.2
11.	Adams	(E)	12,014	21.0
12.	Kitsap	(W)	101,832	20.9
13.	Cowlitz	(W)	68,616	18.7
14.	Whatcom	(W)	81,950	16.5
15.	Clallam	(W)	34,770	15.8
16.	Douglas	(E)	16,787	12.7
17.	Skamania	(W)	5,845	12.3
18.	Franklin	(E)	25,816	10.6
19.	Jefferson	(W)	10,661	10.6
20.	Grays Harbor	(W)	59,553	9.3
21.	Benton	(E)	67,540	8.8
22.	Lewis	(W)	45,467	8.6
23.	Pacific	(W)	15,796	7.6
24.	Asotin	(E)	13,799	6.9
25.	Wahkiakum	(W)	3,592	4.8
26.	SPOKANE	(E)	287,487	3.3
27.	Skagit	(W)	52,381	2.0
28.	Chelan	(E)	41,355	1.5
29.	Okanogan	(E)	25,867	1.4
30.	Walla Walla	(E)	42,176	0.0
31.	Yakima	(E)	144,971	- 0.1
32.	Garfield	(E)	2,911	- 2.2
33.	Stevens*	(E)	17,405	- 2.7

	County		1970 Population	Percentage Change 1960 - 1970
34.	Columbia	(E)	4,439	- 2.8
35.	Ferry	(E)	3,655	- 6.0
36.	Klickitat	(E)	12,138	- 9.8
37.	Grant	(E)	41,881	- 9.9
38.	Lincoln*	(E)	9,572	-12.3
39.	Pend Oreille*	(E)	6,025	-12.9
	Washington		3,409,169	19.5
	East of Cascades 1970		838,777	3.1
	West of Cascades 1970		2,570,392	26.0

(E) indicates counties east of Cascades

(W) indicates counties west of Cascades

*Indicates counties contiguous to Spokane County

Source: U.S. Bureau of the Census, Census of Population, 1970.

DX 32

Population Changes in the Ten Largest Cities in Washington, Ranked by Size 1960 - 1970

City	1970 Population	1960 Population	Percentage Change 1960 - 1970
Seattle	530, 831	557, 087	-4.7
Spokane	170, 516	181, 608	-6.1
Tacoma	154, 581	147, 979	4.5
Bellevue	61, 102	12, 807	377.0
Everett	53, 622	40, 304	33.0
Yakima	45, 588	43, 284	5.3
Vancouver	42, 493	32, 464	30.9
Bellingham	39, 375	34, 688	13.5
Brewerton	35, 307	28, 922	22.1
Longview	28, 373	23, 349	21.5

Source: Bureau of the Census, Census of Population, 1970.

DK 33

Changes in Population Between 1960 and 1970 in Towns and Cities in Washington with 1970 Populations of 10,000 and Over

Town	1970 Population	1960 Population	Percentage Change	Rank by Percentage Change
Aberdeen	18,489	18,741	- 1.3	28
Auburn	21,817	11,933	82.8	7
Bellevue	61,102	12,809	377.0	2
Bellingham	39,375	34,688	13.5	22
Bremerton	35,307	28,922	22.1	19
Centralia	10,054	8,586	17.1	21
Edmonds	23,998	8,016	199.4	3
Ellensburg	13,568	8,625	57.3	10
Everett	53,622	40,304	33.0	13
Fort Lewis	38,054	NA	--	
Hoquiam	10,466	10,762	- 2.8	29
Kelso	10,296	8,379	22.9	17
Kennewick	15,212	14,244	6.8	24
Kent	21,510	9,017	138.5	5
Kirkland	15,249	6,025	153.1	4
Lakes District	48,195	NA	--	
Longview	28,373	23,349	21.5	20
Lynnwood	16,919	7,207	134.8	6
Mercer Island	19,047	NA	--	
Moses Lake	10,310	11,299	- 8.8	34
Mountlake Terrace	16,600	9,122	82.0	8
Olympia	23,111	18,273	26.5	16
Opportunity	16,604	12,465	33.2	12
Parkland	21,012	NA	--	
Pasco	13,920	14,522	- 4.1	31
Port Angeles	16,367	12,653	29.4	15
Pullman	20,509	12,957	58.3	9
Puyallup	14,742	12,063	22.2	18
Redmond	11,031	1,426	673.6	1
Renton	25,258	18,453	36.9	11
Richland	26,290	23,548	11.6	23
Seattle	530,831	557,087	- 4.7	32

Town	1970 Population	1960 Population	Percentage Change	Rank by Percentage Change
SPOKANE	170,516	181,608	- 6.1	33
Tacoma	154,581	147,979	4.5	26
University Place	13,230	NA	--	
Vancouver	42,493	32,464	30.9	14
Walla Walla	23,619	24,536	- 3.7	30
Wenatchee	16,912	16,726	1.1	27
Yakima	45,588	43,284	5.3	25

Averages, above 34 towns:
Weighted = 12.3*
Unweighted = 66.5*

Source: U.S. Bureau of the Census, 1970 Census of Population

*The weighted average is calculated with the sums of the populations of all towns in the table. The unweighted average is an arithmetic average of the percentages.

DX 34

Population Changes in SMSA's with 1970 Population of 200,000 - 400,000, Ranked by Percentage Change 1960 - 1970

	SMSA	1970	1960	Percentage Change
1.	Las Vegas, Nev.	273,288	127,016	115.2
2.	Oxnard-Ventura, Cal.	376,430	199,138	89.0
3.	Colorado Springs, Colo.	235,972	143,742	64.2
4.	Santa Barbara, Cal.	264,324	168,962	56.4
5.	West Palm Beach, Fla.	348,753	228,106	52.9
6.	Huntsville, Ala.	228,743	153,861	48.3
7.	Fayetteville, N.C.	212,042	148,418	42.9
8.	Austin, Tex.	295,516	212,136	39.3
9.	Santa Rosa, Cal.	204,885	147,375	39.0
10.	Ann Arbor, Mich.	234,103	172,440	35.7
11.	Raleigh, N.C.	228,453	169,082	35.1
12.	Little Rock - North Little Rock, Ark.	323,296	242,980	33.0
13.	Tucson, Ariz.	351,667	265,660	32.4
14.	Eugene, Oreg.	213,358	162,890	31.0
15.	Madison, Wisc.	290,272	222,095	30.7
16.	Newport News - Hampton, Va.	292,159	224,503	30.1
17.	Lowell, Mass.	212,860	164,243	29.6
18.	Lansing, Mich.	378,423	298,949	26.6
19.	Des Moines, Iowa	286,101	226,315	26.4
20.	Vallejo - Napa, Cal.	249,081	200,487	24.2
21.	Baton Rouge, La.	285,167	230,058	23.9
22.	Columbia, S.C.	322,880	260,828	23.8
23.	New London - Groton - Norwich, Conn.	208,412	170,981	21.9
24.	Fort Wayne, Ind.	280,455	232,196	20.8
25.	Albuquerque, N.M.	315,774	262,199	20.4
26.	Pensacola, Fla.	243,075	203,376	19.5
27.	Appleton - Oshkosh, Wisc.	276,891	231,990	19.3
28.	Charleston, S.C.	303,849	254,578	19.3
29.	Kalamazoo, Mich.	201,550	169,712	18.8
30.	Rockford, Ill.	272,063	230,091	18.2
31.	Lorain - Elyria, Ohio	256,843	217,500	18.1
32.	Greensville, S.C.	299,502	255,806	17.1
33.	Augusta, Ga. - S.C.	253,460	216,639	17.0
34.	Jackson, Miss.	258,906	221,367	16.9
35.	Lawrence - Haverhill, Mass. - N.H.	232,415	199,136	16.7

	SMSA	1970	1960	Percentage Change
36.	Stockton, Cal.	290,208	249,989	16.1
37.	Stamford, Conn.	206,419	178,409	15.7
38.	Saginaw, Mich.	219,743	190,752	15.2
39.	Bridgeport, Conn.	389,153	337,983	15.1
40.	Lancaster, Pa.	319,693	278,359	14.8
41.	El Paso, Tex.	359,291	314,070	14.4
42.	Macon, Ga.	206,342	180,403	14.4
43.	Trenton, N.J.	303,968	266,392	14.1
44.	Hamilton - Middletown, Ohio	226,207	199,076	13.6
45.	Davenport - Rock Island - Moline, Iowa - Ill.	362,638	319,375	13.5
46.	York, Pa.	329,540	290,242	13.5
47.	Winston - Salem, N.C.	214,348	189,428	13.2
48.	Bakersfield, Cal.	329,162	291,984	12.7
49.	Waterbury, Conn.	208,956	185,548	12.6
50.	New Haven, Conn.	355,538	320,836	10.8
51.	Columbus, Ga. - Ala.	238,584	217,985	9.4
52.	Canton, Ohio	372,210	340,345	9.4
53.	Peoria, Ill.	341,979	313,412	9.1
54.	Chattanooga, Tenn. - Ga.	304,926	283,169	7.7
55.	Reading, Pa.	296,382	275,414	7.6
56.	Corpus Christi, Tex.	284,832	266,599	6.8
57.	Binghampton, N.Y. - Pa.	302,672	283,600	6.7
58.	Erie, Pa.	263,654	250,682	5.2
59.	Shreveport, La.	294,703	281,481	4.7
60.	Worcester, Mass.	344,320	328,898	4.7
61.	Evansville, Ind. - Ky.	232,725	222,890	4.4
62.	Mobile, Ala.	376,690	363,389	3.7
63.	South Bend, Ind.	280,031	271,057	3.3
64.	SPOKANE, WASH.	287,487	278,333	3.3
65.	Utica - Rome, N.Y.	340,477	330,771	2.9
66.	Wichita, Kans.	389,352	381,626	2.0
67.	Montgomery, Ala.	201,325	199,734	0.8
68.	Scranton, Pa.	234,107	234,531	-0.2
69.	Huntington - Ashland, W.Va. - Ky. - Ohio	253,743	254,780	-0.4
70.	Johnstown, Pa.	262,822	280,733	-3.4
71.	Duluth - Superior, Minn. - Wisc.	265,350	276,596	-4.1
72.	Charleston, W.Va.	229,515	252,925	-9.2

Source: Bureau of the Census, 1970 Census of Population.

DX 35

Changes in Total Estimated Effective Buying Income, Washington State, by County, 1965 - 1970

County	Estimated Effective Buying Income ($'000.) 1970	1965	Percentage Change
Adams	40, 427	26, 053	55. 2
Asotin	41, 927	26, 651	57. 3
Benton	243, 995	149, 751	62. 9
Chelan	128, 866	87, 579	47. 1
Clallam	103, 182	63, 963	61. 3
Clark	431, 830	220, 973	95. 4
Columbia	13, 797	9, 363	47. 4
Cowlitz	225, 728	128, 005	76. 3
Douglas	57, 184	30, 067	90. 2
Ferry	9, 534	6, 244	52. 7
Franklin	82, 225	52, 109	57. 8
Garfield	12, 744	8, 607	48. 1
Grant	134, 207	92, 920	44. 4
Grays Harbor	185, 823	130, 308	42. 6
Island	73, 108	39, 127	86. 8
Jefferson	31, 684	17, 575	80. 3
King	4, 652, 903	2, 982, 931	56. 0
Kitsap	320, 281	192, 477	66. 4
Kittitas	75, 712	42, 949	76. 3
Klickitat	36, 387	26, 729	36. 1
Lewis	136, 008	86, 338	57. 5
Lincoln	38, 354	26, 397	45. 3
Mason	63, 395	35, 732	77. 4
Okanogan	67, 405	41, 589	62. 1
Pacific	43, 597	26, 980	61. 6
Pend Oreille	15, 075	11, 460	31. 5
Pierce	1, 337, 652	789, 115	69. 5
San Juan	10, 127	4, 716	114. 7
Skagit	158, 823	104, 807	51. 5
Skamania	18, 788	11, 217	67. 5
Snohomish	828, 542	423, 281	95. 7
SPOKANE	948, 201	686, 655	38. 1
Stevens	42, 526	26, 329	61. 5
Thurston	257, 131	131, 550	95. 5
Wahkiakum	8, 930	6, 161	44. 5

County	Estimated Effective Buying Income ($'000.) 1970	1965	Percentage Change
Walla Walla	151, 369	108, 191	39. 9
Whatcom	234, 897	141, 888	65. 5
Whitman	135, 832	76, 411	77. 8
Yakima	402, 693	271, 155	48. 5
TOTAL	11, 800, 889	7, 344, 348	60. 7

Source: Sales Management Survey of Buying Power, June 10, 1968 and July 10, 1971.

DX 36

Change in Estimated Effective Buying Income per Household in Washington State, by County, 1965-1970

County	Estimated Effective Buying Income per Household 1970	1965	Percentage Change
Adams	11,230	7,663	46.5
Asotin	9,115	6,345	43.6
Benton	11,731	7,965	47.3
Chelan	8,949	6,635	34.9
Clallam	8,671	6,396	35.6
Clark	10,381	6,971	48.9
Columbia	9,855	6,242	57.9
Cowlitz	9,988	6,702	49.0
Douglas	10,789	6,992	54.3
Ferry	8,667	6,244	38.8
Franklin	10,027	7,138	43.9
Garfield	14,160	9,563	48.1
Grant	10,485	6,883	52.3
Grays Harbor	9,154	7,006	30.7
Island	8,501	6,311	34.7
Jefferson	8,124	5,669	43.0
King	11,756	8,880	32.4
Kitsap	9,561	7,129	34.1
Kittitas	9,707	6,507	49.2
Klickitat	8,875	5,940	49.4
Lewis	8,832	6,123	44.2
Lincoln	11,622	7,764	49.7
Mason	9,056	6,381	41.9
Okanogan	7,660	5,332	43.7
Pacific	7,649	5,506	38.9
Pend Oreille	7,179	4,983	44.1
Pierce	10,659	7,588	40.5
San Juan	6,329	4,287	47.6
Skagit	9,024	6,510	38.6
Skamania	9,888	6,598	49.9
Snohomish	9,887	6,805	45.3
SPOKANE	9,950	7,488	32.9

County	Estimated Effective Buying Income per Household 1970	1965	Percentage Change
Stevens	7,332	5,162	42.0
Thurston	10,005	6,746	48.3
Wahkiakum	7,442	5,601	32.9
Walla Walla	11,213	8,196	36.8
Whatcom	8,604	6,251	37.6
Whitman	12,814	8,490	50.9
Yakima	8,697	6,080	43.0
State Average	10,521	7,643	37.6

Source: Sales Management Survey of Buying Power, June 10, 1966 and July 10, 1971.

Percentage Changes in Employment and Payrolls in Counties in Washington[a/]
1963-1971

County	Employment[b/] 1963	Employment[b/] 1971	Employment[b/] Percentage Change	Total Payroll[c/] 1963 ($000)	Total Payroll[c/] 1971 ($000)	Total Payroll[c/] Percentage Change
Adams	1,085	2,126	+95.9	$ 1,146	$ 2,754	+ 140.3
Asotin	922	1,285	+39.4	882	1,376	+ 56.0
Benton	14,225	15,396	+ 8.2	25,259	31,676	+ 25.4
Chelan	8,336	10,392	+24.7	9,838	15,703	+ 59.6
Clallam	5,723	7,126	+24.5	7,627	11,620	+ 52.4
Clark	16,580	23,452	+41.4	22,062	41,295	+ 87.2
Columbia	521	447	-14.2	556	635	+ 14.2
Cowlitz	16,463	19,048	+15.7	24,137	36,203	+ 50.0
Douglas	829	1,011	+22.0	1,153	1,360	+ 18.0
Ferry	343	457	+33.2	401	714	+ 78.1
Franklin	3,830	5,982	+56.2	4,545	8,528	+ 87.6
Garfield	198	306	+54.5	205	345	+ 68.3
Grant	4,982	7,340	+47.3	5,211	9,534	+ 83.0
Grays Harbor	13,574	14.572	+ 7.4	17,425	24,412	+ 40.1
Island	920	1,542	+67.6	885	1,987	+ 124.5
Jefferson	1,684	1,611	- 4.3	2,211	2,545	+ 15.1
King	292,815	342,678	+17.0	441,578	676,898	+ 53.3
Kitsap	7,950	10,364	+30.4	8,777	14,130	+ 61.0
Kittitas	2,402	2,960	+23.1	2,353	3,832	+ 62.9
Klickitat	1,632	1,975	+21.0	1,932	3,568	+ 84.7
Lewis	6,924	9,263	+33.8	7,633	15,552	+ 103.7

County	Employment [b] 1963	Employment [b] 1971	Employment [b] Percentage Change	Total Payroll [c] 1963 ($000)	Total Payroll [c] 1971 ($000)	Total Payroll [c] Percentage Change
Lincoln	793	911	+14.9	$ 808	$ 1,248	+ 54.5
Mason	3,053	3,424	+12.2	3,766	5,524	+ 46.7
Okanogan	3,167	5,005	+58.0	3,094	7,110	+ 129.8
Pacific	2,572	3,064	+19.1	3,176	4,392	+ 38.3
Pend Oreille	1,018	685	- 32.7	1,415	1,227	- 13.3
Pierce	56,435	74,951	+32.8	73,491	128,107	+ 74.3
San Juan	301	430	+42.9	281	528	+ 87.9
Skagit	8,178	9,136	+11.7	10,596	15,373	+ 45.1
Skamania	868	744	- 14.3	1,025	1,287	+ 25.6
Snohomish	26,493	47,216	+78.2	33,849	89,625	+ 164.8
SPOKANE	56,784	67,306	+18.5	71,856	107,644	+ 49.8
Stevens	1,641	2,328	+41.9	1,893	3,330	+ 75.9
Thurston	8,504	13,133	+54.4	10,431	20,074	+ 92.4
Wahkiakum	488	545	+11.7	634	1,025	+ 61.7
Walla Walla	7,772	8,406	+ 8.2	9,047	11,580	+ 28.0
Whatcom	11,075	19,002	+71.6	12,933	31,755	+ 145.5
Whitman	3,132	3,863	+23.3	3,005	4,471	+ 48.8
Yakima	23,833	27,120	+13.8	26,351	39,970	+ 51.7
Washington	622,712	777,775	+24.9	$861,137	$1,398,539	+ 62.4

a/ Data exclude government employees, railroad employees, self-employed persons, farm-workers, and domestic service workers.

b/ Employees, mid-March pay period.

c/ Taxable payrolls, January - March.

Sources: U.S. Bureau of Census, Department of Commerce, County and City Data Book, 1967; and U.S. Department of Commerce, County Business Patterns, U.S. Summary, 1965, and Washington, 1971.

1880

DX 38

Changes in Total Commercial Bank Deposits in Washington State, by County 1966-1970

County	Deposits ($000) 1970	1966	Percentage Change
Adams	26,006	21,334	21.9
Asotin	22,295	13,626	63.6
Benton	69,570	57,414	21.2
Chelan	78,187	59,365	31.7
Clallam	46,559	33,611	38.5
Clark	134,053	94,663	41.6
Columbia	10,772	9,488	13.5
Cowlitz	83,740	63,446	32.0
Douglas	17,599	12,187	44.4
Ferry	2,802	2,156	30.0
Franklin	35,005	26,516	32.0
Garfield	9,502	7,777	22.2
Grant	53,162	40,785	30.3
Grays Harbor	91,036	70,362	29.4
Island	18,990	10,712	77.3
Jefferson	11,385	8,391	35.7
King	1,946,149	1,888,461	3.0
Kitsap	100,538	73,475	36.8
Kittitas	44,006	33,594	31.0
Klickitat	18,003	12,331	50.0
Lewis	67,578	52,562	28.6
Lincoln	31,932	26,412	20.9
Mason	19,225	11,916	61.3
Okanogan	43,899	37,609	16.7
Pacific	23,804	15,067	60.0
Pend Oreille	9,467	7,456	27.0
Pierce	525,421	402,509	30.5
San Juan	6,613	4,503	46.8
Skagit	82,756	54,960	50.6
Skamania	3,640	3,567	2.0
Snohomish	266,278	174,080	53.0
SPOKANE	464,284	373,876	24.2
Stevens	26,131	18,437	41.7

County	Deposits ($000) 1970	1966	Percentage Change
Thurston	126,421	104,700	20.7
Wahkiakum	4,328	3,240	33.6
Walla Walla	68,307	56,110	21.7
Whatcom	111,892	84,301	32.7
Whitman	73,154	63,098	15.9
Yakima	182,180	146,346	24.5
Total, State of Washington	5,070,104	4,180,443	21.3
Total, State of Washington, excluding King County	3,123,955	2,291,982	36.3
Total U.S.	443,736,342	344,325,564	28.9

Source: FDIC, Summary of Accounts and Deposits in All Commercial Banks, June 30, 1970 and June 29, 1968.

DX 39

Changes in Total Deposits of Commercial Banks by SMSA, June 1966 to June 1970

	SMSA	Deposits ($000's) 1970	1966	Percentage Change
1	Biloxi-Gulfport, Mississippi	171,260	93,314	+83.5
2	San Juan, Puerto Rico	1,696,225	947,007	+79.1
3	Ft. Lauderdale-Hollywood, Florida	1,169,484	264,165	+75.3
4	West Palm Beach, Florida	741,652	438,552	+69.1
5	Lake Charles, Louisiana	191,333	114,698	+66.8
6	Baton Rouge, Louisiana	726,752	475,172	+61.6
7	Peoria, Illinois	793,784	495,362	+60.2
8	McAllen-Pharr-Edinburg, Texas	185,566	115,977	+60.0
9	Fayetteville, North Carolina	122,233	76,523	+59.7
10	Springfield, Missouri	264,260	165,871	+59.3
11	Albuquerque, New Mexico	567,167	356,197	+59.2
12	Miami, Florida	2,825,158	1,778,525	+58.8
13	Mayaquez, Puerto Rico	82,875	52,507	+57.8
14	Orlando, Florida	750,692	478,614	+56.9
15	Austin, Texas	675,158	430,758	+56.7
16	Wilmington, North Carolina	120,629	77,079	+56.5
17	Las Vegas, Nevada	518,279	333,208	+55.5
18	Lawrence-Haverhill, Massachusetts/New Hampshire	287,335	185,315	+55.1
19	Charleston, South Carolina	232,627	152,016	+53.0
20	Tallahassee, Florida	153,679	101,075	+52.0
21	Boise City, Idaho	275,407	181,980	+51.3
22	Laredo, Texas	91,563	60,816	+50.6
23	Lawton, Oklahoma	104,412	69,628	+50.0
24	Brownsville-Harlingen-San Benito, Texas	156,397	104,329	+49.9
25	Tampa-St. Petersburg, Florida	2,055,160	1,379,139	+49.0
26	Colorado Springs, Colorado	299,400	202,252	+48.0
27	Anaheim-Santa Ana-Garden Grove, California	1,820,256	1,230,873	+47.9
28	Green Bay, Wisconsin	326,472	221,609	+47.3
29	Newport News-Hampton, Virginia	301,084	204,972	+46.9
30	Lancaster, Pennsylvania	641,338	437,269	+46.7

	SMSA	Deposits ($000's) 1970	1966	Percentage Change
31	Roanoke, Virginia	422,249	288,270	+46.5
32	Waco, Texas	310,375	213,730	+45.2
33	Phoenix, Arizona	2,037,183	1,402,853	+45.2
34	Texarkana, Texas/Arkansas	165,780	114,526	+44.8
35	Vineland-Millville-Bridgeton, New Jersey	170,265	117,836	+44.5
36	Scranton, Pennsylvania	604,785	418,959	+44.4
37	Honolulu, Hawaii	1,360,161	942,593	+44.3
38	Springfield, Illinois	478,367	332,671	+43.8
39	Lynchburg, Virginia	236,295	164,392	+43.7
40	Greenville, South Carolina	326,521	227,775	+43.4
41	Tucson, Arizona	548,398	382,546	+43.4
42	Louisville, Kentucky/Indiana	1,721,452	1,203,986	+43.0
43	Madison, Wisconsin	515,250	360,900	+42.8
44	Lafayette, Louisiana	142,836	100,220	+42.5
45	Ann Arbor, Michigan	410,793	288,871	+42.2
46	New Bedford, Massachusetts	127,110	89,383	+42.2
47	Lorain-Elyria, Ohio	429,591	302,272	+42.1
48	Dubuque, Iowa	208,605	147,044	+41.9
49	New London-Groton-Norwich, Connecticut	167,134	117,979	+41.7
50	Provo-Orem, Utah	146,039	103,270	+41.4
51	Lafayette-West Lafayette, Indiana	214,697	151,948	+41.3
52	Terre Haute, Indiana	312,527	222,230	+40.6
53	Kalamazoo, Michigan	390,870	278,110	+40.5
54	Lubbock, Texas	432,331	308,396	+40.2
55	Waterloo, Iowa	192,412	137,287	+40.2
56	Akron, Ohio	1,263,696	901,983	+40.1
57	Altoona, Pennsylvania	188,511	134,537	+40.1
58	Fall River, Massachusetts/ Rhode Island	143,552	102,870	+39.5
59	Montgomery, Alabama	379,393	272,446	+39.3
60	Houston, Texas	5,332,835	3,834,961	+39.1
61	Charleston, West Virginia	502,831	362,013	+38.9
62	Ponce, Puerto Rico	145,472	104,729	+38.9
63	Norwalk, Connecticut	210,605	151,904	+38.6

	SMSA	Deposits ($000's) 1970	1966	Percentage Change
64	Asheville, North Carolina	216,829	156,787	+38.3
65	Wilkes-Barre-Hazleton, Pennsylvania	750,109	542,788	+38.2
66	Flint, Michigan	958,200	694,052	+38.1
67	Fort Wayne, Indiana	663,628	480,614	+38.1
68	Kenosha, Wisconsin	158,970	115,191	+38.0
69	Paterson-Clifton-Passaic, New Jersey	3,142,974	2,280,018	+37.8
70	Erie, Pennsylvania	481,771	350,476	+37.5
71	Greensboro-Winston-Salem-High Point, North Carolina	1,041,646	758,920	+37.3
72	Columbus, Ohio	1,735,862	1,268,397	+36.9
73	Harrisburg, Pennsylvania	783,596	572,573	+36.9
74	Sherman-Denison, Texas	160,799	117,995	+36.3
75	Tuscaloosa, Alabama	111,670	81,989	+36.2
76	Utica-Rome, New York	560,386	411,585	+36.2
77	Lansing, Michigan	751,843	552,615	+36.1
78	Pensacola, Florida	213,185	156,596	+36.1
79	South Bend, Indiana	608,165	446,758	+36.1
80	Johnstown, Pennsylvania	404,331	297,728	+35.8
81	Lincoln, Nebraska	385,168	283,976	+35.6
82	San Diego, California	1,928,593	1,422,325	+35.6
83	Savannah, Georgia	315,754	233,105	+35.5
84	Gadsden, Alabama	114,295	84,421	+35.4
85	Stamford, Connecticut	689,453	509,401	+35.3
86	Springfield, Ohio	215,279	159,325	+35.1
87	Corpus Christi, Texas	393,897	292,036	+34.9
88	Nashville, Tennessee	1,448,584	1,075,221	+34.7
89	Norfolk-Portsmouth, Virginia	767,687	569,907	+34.7
90	Canton, Ohio	621,612	461,778	+34.6
91	Dayton, Ohio	1,071,514	797,398	+34.4
92	Muncie, Indiana	186,599	138,825	+34.4
93	Shreveport, Louisiana	611,123	454,567	+34.4
94	Albany, Georgia	111,680	83,171	+34.3
95	Durham, North Carolina	238,233	177,332	+34.3
96	Lowell, Massachusetts	163,197	121,481	+34.3

	SMSA	Deposits ($000's) 1970	1966	Percentage Change
97	Little Rock-North Little Rock, Arkansas	601,674	449,323	+33.9
98	Galveston-Texas City, Texas	267,694	200,142	+33.8
99	Indianapolis, Indiana	2,829,017	2,115,719	+33.7
100	San Angelo, Texas	153,754	114,992	+33.7
101	Reno, Nevada	352,877	264,165	+33.6
102	Wheeling, West Virginia/Ohio	317,887	238,321	+33.4
103	Macon, Georgia	254,963	191,308	+33.3
104	Fargo-Moorhead, North Dakota/Minnesota	281,627	211,532	+33.1
105	Reading, Pennsylvania	752,100	667,133	+33.1
106	Youngstown-Warren, Ohio	789,684	594,681	+32.8
107	Allentown-Bethlehem-Easton, Pennsylvania/New Jersey	1,242,528	936,471	+32.7
108	Charlotte, North Carolina	1,065,743	806,453	+32.2
109	Portland, Maine	224,408	170,133	+31.9
110	Huntsville, Alabama	200,608	152,209	+31.8
111	Pueblo, Colorado	155,947	118,855	+31.2
112	York Pennsylvania	728,272	555,545	+31.1
113	Odessa, Texas	121,479	92,748	+31.0
114	Augusta, Georgia/South Carolina	325,478	248,737	+30.9
115	Hartford, Connecticut	1,512,428	1,155,701	+30.9
116	Huntington-Ashland, West Virginia/Kentucky/Ohio	394,238	331,967	+30.9
117	Binghampton, New York/ Pennsylvania	469,926	359,916	+30.6
118	Jackson, Mississippi	657,259	503,426	+30.6
119	Tacoma, Washington	525,421	402,509	+30.5
120	Fort Smith, Arkansas/Oklahoma	221,520	170,155	+30.2
121	Lima, Ohio	253,646	220,260	+30.0
122	Tyler, Texas	190,543	146,530	+30.0
123	Lexington, Kentucky	338,587	260,939	+29.8
124	Oklahoma City, Oklahoma	1,520,844	1,171,984	+29.8
125	New Britain, Connecticut	147,769	113,971	+29.7
126	Sioux Falls, South Dakota	228,615	176,248	+29.7
127	Brockton, Massachusetts	112,294	86,672	+29.6

	SMSA	Deposits ($000's) 1970	1966	Percentage Change
128	Washington, D. C. /Maryland/ Virginia	5,201,967	4,014,137	+29.6
129	San Bernadino-Riverside-Ontario, California	1,400,621	1,081,409	+29.5
130	Fort Worth, Texas	1,504,303	1,162,499	+29.4
131	San Antonio, Texas	1,376,142	1,065,670	+29.1
132	Decatur, Illinois	263,025	203,985	+28.9
133	Pittsfield, Massachusetts	96,593	74,969	+28.8
134	Worcester, Massachusetts	417,128	323,791	+28.8
135	Champaign-Urbana, Illinois	249,140	193,652	+28.7
136	Evansville, Indiana/Kentucky	436,956	339,393	+28.7
137	Grand Rapids, Michigan	1,251,530	972,541	+28.7
138	Bay City, Michigan	184,685	143,665	+28.6
139	Richmond, Virginia	1,337,968	1,040,262	+28.6
140	Detroit, Michigan	10,965,159	8,532,458	+28.5
141	Columbus, Georgia/Alabama	243,847	190,129	+28.3
142	Jacksonville, Florida	1,101,310	860,169	+28.0
143	Steubenville-Warton, Ohio/ West Virginia	253,607	198,478	+27.8
144	Cedar Rapids, Iowa	310,791	243,377	+27.7
145	Abilene, Texas	213,421	167,250	+27.6
146	Eugene, Oregon	255,660	200,663	+27.4
147	Rockford, Illinois	523,212	411,355	+27.2
148	Gary-Hammond-East Chicago, Indiana	842,830	662,965	+27.1
149	Toledo, Ohio/Michigan	1,186,339	933,973	+27.0
150	Waterbury, Connecticut	277,979	218,828	+27.0
151	Philadelphia, Pennsylvania/ New Jersey	10,266,116	8,088,071	+26.9
152	Boston, Massachusetts	7,086,672	5,589,825	+26.8
153	Duluth-Superior, Minnesota/ Wisconsin	522,685	412,856	+26.6
154	Sacramento, California	1,633,257	1,290,974	+26.5
155	Salem, Oregon	290,318	229,443	+26.5
156	Sioux City, Iowa/Nebraska	292,396	231,149	+26.5
157	St. Joseph, Missouri	222,746	176,086	+26.5

	SMSA	Deposits ($000's) 1970	1966	Percentage Change
158	Albany-Schenectady-Troy, New York	1,798,719	1,423,079	+26.4
159	Atlanta, Georgia	3,042,813	2,407,999	+26.4
160	Bloomington-Normal, Illinois	203,048	160,923	+26.2
161	Columbia, South Carolina	348,054	275,861	+26.2
162	Omaha, Nebraska/Iowa	1,092,271	866,391	+26.1
163	Kansas City, Missouri/Kansas	3,123,904	2,482,155	+25.9
164	Amarillo, Texas	351,526	279,437	+25.8
165	Milwaukee, Wisconsin	3,226,087	2,564,935	+25.8
166	Muskegon-Muskegon Heights, Michigan	249,650	198,381	+25.8
167	Wichita, Kansas	799,811	635,767	+25.8
168	Minneapolis-St. Paul, Minnesota	4,136,365	3,291,546	+25.7
169	Jackson, Michigan	236,842	188,659	+25.5
170	Baltimore, Maryland	2,681,682	2,138,766	+25.4
171	Meriden, Connecticut	65,657	52,358	+25.4
172	Oxnard-Ventura, California	397,675	317,195	+25.4
173	San Jose, California	1,757,008	1,403,011	+25.2
174	Fitchburg-Leominster, Massachusetts	68,594	54,820	+25.1
175	Lewiston-Auburn, Maine	104,964	83,898	+25.1
176	Des Moines, Iowa	814,645	651,574	+25.0
177	Denver, Colorado	2,464,150	1,972,650	+24.9
178	Springfield-Chicopee-Holyoke, Massachusetts/Connecticut	551,617	442,113	+24.8
179	Racine, Wisconsin	286,868	230,254	+24.6
180	Billings, Montana	210,272	168,918	+24.5
181	Great Falls, Montana	176,098	141,673	+24.3
182	Cincinnati, Ohio	2,251,106	1,813,014	+24.2
183	SPOKANE, WASHINGTON	464,284	373,876	+24.2
184	Atlantic City, New Jersey	327,578	263,992	+24.1
185	Trenton, New Jersey	900,750	725,712	+24.1
186	Syracuse, New York	962,997	778,761	+23.7
187	Chattanooga, Tennessee/Georgia	574,056	464,871	+23.5
188	Memphis, Tennessee/Arkansas	1,601,468	1,303,063	+22.9
189	Rochester, New York	1,663,621	1,353,943	+22.9
190	Hamilton-Middletown, Ohio	251,409	204,744	+22.8

	SMSA	Deposits ($000's) 1970	1966	Percentage Change
191	Raleigh, North Carolina	483,794	394,316	+22.7
192	New York, New York	72,556,602	59,210,035	+22.5
193	Davenport-Rock Island-Moline, Iowa/Illinois	769,726	632,494	+21.7
194	Jersey City, New Jersey	1,106,978	909,483	+21.7
195	Tulsa, Oklahoma	1,169,959	961,199	+21.7
196	Birmingham, Alabama	1,232,993	1,013,845	+21.6
197	Knoxville, Tennessee	650,004	536,100	+21.2
198	Wilmington, Delaware/New Jersey/Maryland	970,992	802,044	+21.1
199	Dallas, Texas	4,921,290	4,069,099	+20.9
200	Topeka, Kansas	339,070	280,819	+20.7
201	St. Louis, Missouri/Illinois	5,593,274	4,638,478	+20.6
202	Anderson, Indiana	134,647	111,736	+20.5
203	Beaumont-Port Arthur-Orange, Texas	503,661	418,300	+20.4
204	Newark, New Jersey	3,970,777	3,301,203	+20.3
205	Chicago, Illinois	23,719,735	19,734,872	+20.1
206	Stockton, California	580,706	484,444	+19.9
207	New Orleans, Louisiana	2,175,520	1,818,589	+19.6
208	Vallejo-Napa, California	363,408	303,733	+19.6
209	New Haven, Connecticut	525,842	505,575	+19.4
210	El Paso, Texas	462,184	399,412	+19.3
211	San Francisco-Oakland, California	13,242,754	11,091,108	+19.3
212	Salinas-Monterey, California	407,120	341,605	+19.2
213	Midland, Texas	243,244	204,715	+18.8
214	Buffalo, New York	2,368,932	1,994,956	+18.7
215	Mobile, Alabama	517,351	436,858	+18.4
216	Bridgeport, Connecticut	514,164	434,740	+18.3
217	Bakersfield, California	494,031	418,803	+18.0
218	Cleveland, Ohio	6,060,475	5,135,044	+18.0
219	Saginaw, Michigan	372,047	315,990	+17.7
220	Los Angeles-Long Beach, California	15,457,297	13,185,805	+17.2
221	Santa Barbara, California	460,580	393,208	+17.1
222	Fresno, California	670,727	573,087	+17.0

	SMSA	Deposits ($000's) 1970	1966	Percentage Change
223	Portland, Oregon/Washington	1,956,468	1,674,117	+16.9
224	Mansfield, Ohio	249,025	213,976	+16.4
225	Providence-Pawtucket-Warwick, Rhode Island/Massachusetts	1,384,642	1,213,339	+14.1
226	Manchester, New Hampshire	107,836	95,106	+13.4
227	Pine Bluff, Arkansas	126,436	111,804	+13.1
228	Salt Lake City, Utah	940,962	840,983	+11.9
229	Pittsburgh, Pennsylvania	6,339,565	5,914,296	+ 7.2
230	Seattle-Everett, Washington	2,211,537	2,062,541	+ 7.2
231	Ogden, Utah	203,362	190,391	+ 6.8
232	Wichita Falls, Texas	285,662	270,967	+ 5.4
233	Monroe, Louisiana	143,106	154,357	- 7.3
	AVERAGE			+32.9

Source: FDIC, Summary of Accounts and Deposits in All Commercial Banks, June 1968 and June 1970.

DX 40

Changes in Total Deposits of Commercial Banks by SMSA, June 1968 to June 1970

	SMSA	Deposits ($000's) 1970	1968	Percentage Change
1	Biloxi-Gulfport, Mississippi	171,260	111,479	+53.6
2	Peoria, Illinois	793,784	570,198	+39.2
3	Boise City, Idaho	275,407	200,662	+37.2
4	Albuquerque, New Mexico	567,167	425,564	+33.3
5	San Juan, Puerto Rico	1,696,225	1,273,554	+33.2
6	Charleston, South Carolina	232,627	180,359	+29.0
7	Ft. Lauderdale-Hollywood, Florida	1,169,484	908,451	+28.7
8	Reno, Nevada	352,877	275,196	+28.2
9	Mayaquez, Puerto Rico	82,875	65,011	+27.5
10	Lubbock, Texas	432,331	341,810	+26.5
11	New Bedford, Massachusetts	127,110	100,890	+26.0
12	Akron, Ohio	1,263,696	1,004,560	+25.8
13	Portland, Maine	224,408	178,939	+25.4
14	Lorain-Elyria, Ohio	429,591	343,097	+25.2
15	Lake Charles, Louisiana	191,331	153,053	+25.0
16	West Palm Beach, Florida	741,652	599,566	+23.7
17	Miami, Florida	2,825,158	2,286,411	+23.6
18	Texarkana, Texas/Arkansas	165,780	135,172	+22.6
19	Greenville, South Carolina	326,521	266,876	+22.3
20	Waco, Texas	310,375	253,980	+22.2
21	Tallahassee, Florida	153,679	125,945	+22.0
22	Hamilton-Middletown, Ohio	251,409	206,681	+21.6
23	Wilmington, North Carolina	120,629	99,245	+21.5
24	Nashville, Tennessee	1,448,584	1,193,420	+21.4
25	Orlando, Florida	750,692	618,693	+21.3
26	Phoenix, Arizona	2,037,183	1,680,401	+21.2
27	Las Vegas, Nevada	518,279	428,378	+21.0
28	Lancaster, Pennsylvania	641,338	530,009	+21.0
29	Pueblo, Colorado	155,947	129,594	+20.3
30	Charlotte, North Carolina	1,065,743	885,896	+20.3
31	Fort Smith, Arkansas/Oklahoma	221,520	184,288	+20.2
32	McAllen-Pharr-Edinburg, Texas	185,566	154,586	+20.0
33	Green Bay, Wisconsin	326,472	272,252	+19.9
34	Sherman-Denison, Texas	160,799	134,263	+19.8
35	Colorado Springs, Colorado	299,400	250,935	+19.3

	SMSA	Deposits ($000's) 1970	1968	Percentage Change
36	Lawton, Oklahoma	104,412	87,617	+19.2
37	Gadsden, Alabama	114,295	95,947	+19.1
38	Huntington-Ashland, West Virginia/Kentucky/Ohio	394,238	331,967	+18.8
39	Huntsville, Alabama	200,608	169,209	+18.6
40	Harrisburg, Pennsylvania	783,596	661,232	+18.5
41	Amarillo, Texas	351,526	297,070	+18.3
42	Lowell, Massachusetts	163,197	138,036	+18.2
43	Fayetteville, North Carolina	122,223	103,432	+18.2
44	Lafayette-West Lafayette, Indiana	214,697	181,591	+18.2
45	Springfield, Missouri	264,260	223,801	+18.1
46	Tampa-St. Petersburg, Florida	2,055,160	1,742,187	+18.0
47	Scranton, Pennsylvania	604,785	512,875	+17.9
48	Tucson, Arizona	548,398	465,465	+17.8
49	Altoona, Pennsylvania	188,511	160,304	+17.6
50	Meriden, Connecticut	65,657	55,813	+17.6
51	Newport News-Hampton, Virginia	301,084	256,416	+17.4
52	Erie, Pennsylvania	481,771	410,257	+17.4
53	Johnstown, Pennsylvania	404,331	344,500	+17.4
54	Fall River, Massachusetts/ Rhode Island	143,552	122,232	+17.4
55	Laredo, Texas	91,563	78,184	+17.1
56	Lafayette, Louisiana	142,836	122,206	+16.9
57	Honolulu, Hawaii	1,360,161	1,164,171	+16.8
58	Dayton, Ohio	1,071,514	918,690	+16.6
59	Midland, Texas	243,244	208,535	+16.6
60	Fort Wayne, Indiana	663,628	569,365	+16.6
61	Little Rock-North Little Rock, Arkansas	601,674	516,122	+16.6
62	Springfield, Ohio	215,279	185,017	+16.4
63	New Britain, Connecticut	147,769	127,126	+16.2
64	Sioux Falls, South Dakota	228,615	196,979	+16.1
65	Lawrence-Haverhill, Massachusetts/New Hampshire	287,335	247,581	+16.1

	SMSA	Deposits ($000's) 1970	1968	Percentage Change
66	Norfolk-Portsmouth, Virginia	767,687	661,750	+16.0
67	Austin, Texas	675,158	583,768	+15.7
68	El Paso, Texas	462,184	399,412	+15.7
69	Youngstown-Warren, Ohio	789,684	682,408	+15.7
70	Louisville, Kentucky/Indiana	1,721,452	1,491,216	+15.4
71	Ponce, Puerto Rico	145,472	126,217	+15.3
72	Chattanooga, Tennessee/Georgia	574,056	498,275	+15.2
73	Lima, Ohio	253,646	220,260	+15.2
74	Roanoke, Virginia	422,249	366,820	+15.1
75	South Bend, Indiana	608,165	528,908	+15.0
76	Gary-Hammond-East Chicago, Indiana	842,830	733,198	+15.0
77	Charleston, West Virginia	502,831	437,662	+14.9
78	Columbus, Ohio	1,735,862	1,510,915	+16.9
79	Steubenville-Warton, Ohio/ West Virginia	253,607	220,993	+14.8
80	Kalamazoo, Michigan	390,870	340,790	+14.7
81	Stamford, Connecticut	689,453	601,549	+14.6
82	Houston, Texas	5,332,835	4,648,985	+14.5
83	Wheeling, West Virginia/Ohio	317,887	277,526	+14.5
84	Waterloo, Iowa	192,412	167,977	+14.5
85	Terre Haute, Indiana	312,527	273,007	+14.5
86	Greensboro-Winston-Salem-High Point, North Carolina	1,041,646	910,492	+14.4
87	Albany, Georgia	111,680	97,617	+14.4
88	Kenosha, Wisconsin	158,970	139,045	+14.3
89	Knoxville, Tennessee	650,004	569,462	+14.1
90	Wilkes-Barre-Hazleton, Pennsylvania	750,109	658,041	+14.0
91	Brockton, Massachusetts	112,294	98,502	+14.0
92	Sacramento, California	1,633,257	1,432,660	+14.0
93	Binghampton, New York/Pennsylvania	469,926	412,536	+13.9
94	San Diego, California	1,928,593	1,693,899	+13.9
95	York, Pennsylvania	728,272	640,172	+13.8

	SMSA	Deposits ($000's) 1970	1968	Percentage Change
96	Rockford, Illinois	523,212	459,918	+13.8
97	Lynchburg, Virginia	236,295	207,885	+13.7
98	Odessa, Texas	121,479	106,834	+13.7
99	Dubuque, Iowa	208,605	183,517	+13.7
100	Allentown-Bethlehem-Easton, Pennsylvania/New Jersey	1,242,528	1,093,820	+13.6
101	Utica-Rome, New York	560,386	493,473	+13.6
102	Baton Rouge, Louisiana	726,752	639,796	+13.6
103	Atlantic City, New Jersey	327,578	288,601	+13.5
104	Tyler, Texas	190,543	168,084	+13.4
105	Provo-Orem, Utah	146,039	128,944	+13.3
106	Shreveport, Louisiana	611,123	539,298	+13.3
107	Tuscaloosa, Alabama	111,670	98,579	+13.3
108	Muncie, Indiana	186,599	164,768	+13.2
109	Jersey City, New Jersey	1,106,978	978,399	+13.1
110	Columbia, South Carolina	348,054	308,010	+13.0
111	Reading, Pennsylvania	752,100	667,133	+12.7
112	Bloomington-Normal, Illinois	203,048	180,091	+12.7
113	Billings, Montana	210,272	186,932	+12.5
114	Paterson-Clifton-Passaic, New Jersey	3,142,974	2,796,058	+12.4
115	Vineland-Millville-Bridgeton, New Jersey	170,265	151,556	+12.3
116	Salem, Oregon	290,318	258,548	+12.3
117	Savannah, Georgia	315,754	281,113	+12.3
118	Galveston-Texas City, Texas	267,694	238,662	+12.2
119	Great Falls, Montana	176,098	156,974	+12.2
120	Atlanta, Georgia	3,042,813	2,712,153	+12.2
121	Indianapolis, Indiana	2,829,017	2,524,780	+12.1
122	Anaheim-Santa Ana-Garden Grove, California	1,820,256	1,623,950	+12.1
123	Lewiston-Auburn, Maine	104,964	93,715	+12.0
124	San Bernadino-Riverside-Ontario, California	1,400,621	1,251,387	+11.9
125	Oklahoma City, Oklahoma	1,520,844	1,360,096	+11.8

	SMSA	Deposits ($000's) 1970	1968	Percentage Change
126	Flint, Michigan	958,200	857,478	+11.7
127	San Antonio, Texas	1,376,142	1,232,670	+11.6
128	Cincinnati, Ohio	2,251,106	2,017,902	+11.6
129	Trenton, New Jersey	900,750	808,173	+11.5
130	Montgomery, Alabama	379,393	340,186	+11.5
131	Baltimore, Maryland	2,681,682	2,406,447	+11.4
132	Jackson, Mississippi	657,259	591,643	+11.1
133	Birmingham, Alabama	1,232,993	1,109,467	+11.1
134	Decatur, Illinois	263,025	236,720	+11.1
135	Sioux City, Iowa/Nebraska	292,396	263,745	+10.9
136	Cedar Rapids, Iowa	310,791	280,295	+10.9
137	New London-Groton-Norwich, Connecticut	167,134	150,873	+10.8
138	Canton, Ohio	621,612	562,273	+10.6
139	Macon, Georgia	254,963	230,434	+10.6
140	Dallas, Texas	4,921,290	4,454,553	+10.5
141	Waterbury, Connecticut	277,979	251,612	+10.5
142	Augusta, Georgia/South Carolina	325,478	295,406	+10.2
143	Lansing, Michigan	751,843	682,525	+10.2
144	Stockton, California	580,706	526,815	+10.2
145	Ann Arbor, Michigan	410,793	373,119	+10.1
146	Brownsville-Harlingen-San Benito, Texas	156,397	142,080	+10.1
147	Jackson, Michigan	236,842	215,555	+ 9.9
148	Kansas City, Missouri/Kansas	3,123,904	2,843,922	+ 9.8
149	Springfield, Illinois	478,367	435,804	+ 9.8
150	Bay City, Michigan	184,685	168,280	+ 9.7
151	Mobile, Alabama	517,351	471,604	+ 9.7
152	Pensacola, Florida	213,185	194,310	+ 9.7
153	Memphis, Tennessee/Arkansas	1,601,468	1,463,294	+ 9.4
154	Abilene, Texas	213,421	195,327	+ 9.3
155	Oxnard-Ventura, California	397,675	364,043	+ 9.2
156	Asheville, North Carolina	216,829	198,661	+ 9.1
157	Davenport-Rock Island-Moline, Iowa/Illinois	769,726	705,768	+ 9.1
158	Fort Worth, Texas	1,504,303	1,379,334	+ 9.1
159	Denver, Colorado	2,464,150	2,264,962	+ 8.8
160	Newark, New Jersey	3,970,777	3,650,[illegible]	+ 8.8

	SMSA	Deposits ($000's) 1970	1968	Percentage Change
161	Eugene, Oregon	255,660	235,227	+ 8.7
162	Evansville, Indiana/Kentucky	436,956	402,282	+ 8.6
163	Madison, Wisconsin	515,250	474,534	+ 8.6
164	Worcester, Massachusetts	417,128	384,268	+ 8.6
165	Washington, D.C./Maryland/ Virginia	5,201,967	4,792,577	+ 8.5
166	Columbus, Georgia/Alabama	243,847	224,937	+ 8.4
167	Omaha, Nebraska/Iowa	1,092,271	1,008,015	+ 8.4
168	Toledo, Ohio/Michigan	1,186,339	1,095,765	+ 8.3
169	Fitchburg-Leominster, Massachusetts	68,594	63,376	+ 8.2
170	Norwalk, Connecticut	210,605	194,869	+ 8.1
171	Manchester, New Hampshire	107,836	99,956	+ 7.9
172	Syracuse, New York	962,997	892,904	+ 7.9
173	New Orleans, Louisiana	2,175,520	2,018,872	+ 7.8
174	Lincoln, Nebraska	385,168	357,721	+ 7.7
175	Fargo-Moorhead, North Dakota/Minnesota	281,627	262,068	+ 7.5
176	Racine, Wisconsin	286,868	266,876	+ 7.5
177	Des Moines, Iowa	814,645	758,520	+ 7.4
178	St. Joseph, Missouri	222,746	207,485	+ 7.4
179	Tacoma, Washington	525,421	489,322	+ 7.4
180	Chicago, Illinois	23,719,735	22,127,383	+ 7.2
181	New York, New York	72,556,602	67,680,980	+ 7.2
182	Champaign-Urbana, Illinois	249,140	232,600	+ 7.1
183	Jacksonville, Florida	1,101,310	1,028,702	+ 7.1
184	Salinas-Monterey, California	407,120	380,261	+ 7.1
185	Milwaukee, Wisconsin	3,226,087	3,017,914	+ 6.9
186	Detroit, Michigan	10,965,159	10,263,810	+ 6.8
187	Grand Rapids, Michigan	1,251,530	1,172,602	+ 6.7
188	San Francisco-Oakland, California	13,242,754	12,410,218	+ 6.7
189	Duluth-Superior, Minnesota/Wisconsin	522,685	490,481	+ 6.6
190	Lexington, Kentucky	338,587	317,502	+ 6.6
191	Topeka, Kansas	339,070	318,017	+ 6.6
192	Rochester, New York	1,663,621	1,564,102	+ 6.4
193	Springfield-Chicopee-Holyoke, Massachusetts/Connecticut	551,617	518	6.4

	SMSA	Deposits ($000's) 1970	1968	Percentage Change
194	Vallejo-Napa, California	363,408	341,704	+ 6.4
195	Philadelphia, Pennsylvania/ New Jersey	10,266,116	9,667,257	+ 6.2
196	Beaumont-Port Arthur-Orange, Texas	503,661	475,057	+ 6.0
197	Corpus Christi, Texas	393,897	371,427	+ 6.0
198	San Angelo, Texas	153,754	145,070	+ 6.0
199	Richmond, Virginia	1,337,968	1,263,993	+ 5.9
200	Minneapolis-St. Paul, Minnesota	4,136,365	3,920,646	+ 5.5
201	Muskegon-Muskegon Heights, Michigan	249,650	236,599	+ 5.5
202	Wichita, Kansas	799,811	759,193	+ 5.4
203	Wilmington, Delaware/New Jersey/Maryland	970,992	923,089	+ 5.2
204	Cleveland, Ohio	6,060,475	5,773,300	+ 5.0
205	Portland, Oregon/Washington	1,956,468	1,866,818	+ 4.8
206	Fresno, California	670,727	641,989	+ 4.5
207	St. Louis, Missouri/Illinois	5,593,274	5,356,153	+ 4.4
208	San Jose, California	1,757,008	1,686,085	+ 4.2
209	Mansfield, Ohio	249,025	239,317	+ 4.1
210	Los Angeles-Long Beach, California	15,457,297	14,865,025	+ 4.0
211	New Haven, Connecticut	525,842	505,575	+ 4.0
212	Anderson, Indiana	134,647	129,777	+ 3.8
213	Durham, North Carolina	238,233	229,836	+ 3.7
214	Hartford, Connecticut	1,512,428	1,459,160	+ 3.7
215	Boston, Massachusetts	7,086,672	6,840,900	+ 3.6
216	Buffalo, New York	2,368,932	2,289,842	+ 3.5
217	SPOKANE, WASHINGTON	464,284	448,386	+ 3.5
218	Raleigh, North Carolina	483,794	469,367	+ 3.1
219	Ogden, Utah	203,362	197,505	+ 3.0
220	Pittsburgh, Pennsylvania	6,339,565	6,163,486	+ 2.9
221	Pittsfield, Massachusetts	96,593	94,162	+ 2.6
222	Pine Bluff, Arkansas	126,436	123,630	+ 2.3
223	Salt Lake City, Utah	940,962	921,037	+ 2.2
224	Tulsa, Oklahoma	1,169,959	1,145,812	+ 2.1
225	Bakersfield, California	494,031	485,526	+ 1.8

	SMSA	Deposits ($000's) 1970	1968	Percentage Change
226	Santa Barbara, California	460,580	453,305	+ 1.6
227	Bridgeport, Connecticut	514,164	507,470	+ 1.3
228	Wichita Falls, Texas	285,662	282,126	+ 1.3
229	Providence-Pawtucket-Warwick, Rhode Island/Massachusetts	1,384,642	1,405,030	- 1.5
230	Saginaw, Michigan	372,047	384,532	- 3.2
231	Seattle-Everett, Washington	2,211,537	2,311,995	- 4.3
232	Albany-Schenectady-Troy, New York	1,798,719	1,888,185	- 4.7
233	Monroe, Louisiana	143,106	186,673	-23.3
	AVERAGE			+12.7

Source: FDIC, Summary of Accounts and Deposits in All Commercial Banks, June 1968 and June 1970.

DX 41

Changes in Total Commercial Bank Deposits in Spokane County in Dollars of Constant Purchasing Power 1966 to 1970 and 1968 to 1970

1966 to 1970

Percentage increase in total deposits*	24.2 percent
Minus	
Percentage increase in prices**	19.9 percent
Equals	
Percentage change in total deposits of constant purchasing power	4.3 percent

1968 to 1970

Percentage increase in total deposits*	3.5 percent
Minus	
Percentage increase in prices**	11.8 percent
Equals	
Percentage change in total deposits of constant purchasing power	-8.3 percent

*Calculated from end-of-June deposit data.

**Calculated from U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index, average of June and July price index data.

Sources: FDIC, Summary of Accounts and Deposits in All Commercial Banks, June 29, 1968 and June 30, 1970; and Economic Report of the President, January 19[illegible] 3-42), January 1970 (Table C-45), and January 19[illegible] -45).

DX 42

Number of Commercial Banking Offices in Spokane County, Selected Dates

Date	Number of Offices
June 30, 1966	39
June 30, 1968	44
June 30, 1970	48
December 31, 1971	49
September 30, 1972	51

Sources: Federal Deposit Insurance Corporation, Summary of Accounts and Deposits in All Commercial Banks, June 30, 1968 and June 30, 1970; and Operating Banking Offices, January 1, 1972, and supplements through September 1972.

DX 43

Incorporated Places in Eastern Washington Without a Bank or Banking Office, January 1, 1972*

Town	1970 Population	1960 Population	Percentage Change 1960-1970
Conconully	122	108	13.0
Entiat	355	357	- 0.6
Elmer City	324	265	22.3
Mansfield	273	335	-18.5
Riverside	228	201	13.4
Hartline	189	206	- 8.3
Kittitas	637	536	18.8
Krupp	52	99	-47.5
Moxee	600	499	20.2
South Cle Elum	374	383	- 2.3
Tieton	415	479	-13.4
Creston	325	317	2.5
Marcus	142	126	12.7
Northport	423	482	-12.2
Springdale	215	254	-15.4
Kahlotus	308	131	135.1
West Richland	1,107	1,347	-17.8
Airway Heights**	744	708	5.1
Cusick	257	299	-14.0
Hatton	60	65	- 7.7
Metaline	197	299	-34.1
Metaline Falls	307	469	-34.5
Spangle**	179	208	-13.9
Waverly**	48	108	-55.6
Albion	687	291	136.1
Lamont	88	111	-20.7
Malden	219	292	-25.0
Prescott	242	269	-10.9
Starbuck	216	161	34.2

*The eastern part of the state is defined as the region extending from the Idaho border to the western boundaries of Okanogan, Chelan, Kittitas, Yakima, and Klicktat Counties.

**In Spokane County. American Commercial Bank (Spokane) since has opened a branch in Airway Heights (September 1972), and the Bank of Latah has an application pending for a branch in Spangle.

Sources: U.S. Bureau of the Census, Census of Population, 1970; and FDIC, Operating Banking Offices, January 1, 1972.

DX 44

Banks With Main Offices in Eastern Washington, End of 1971*

Bank**	Town	Distance from Spokane	Total Deposits December, 1971	Year Bank Chartered	Population 1970	Population 1960	Per Cl 19(
Cashmere Valley Bank	Cashmere	179	$ 7,800,000	1932	1,976	1,891	+
Valley Commercial Bank	Clarkston	108	8,468,000	1964	6,312	6,209	+
Ellensburg State Bank	Ellensburg***	170	4,624,000	1967	13,568	8,625	+
Security Bank of Washington	Ephrata	119	19,899,000	1953	5,255	6,548	-
Bank of Fairfield	Fairfield	30	4,762,000	1908	416	367	+
Farmington State Bank	Farmington	50	722,000	1929	140	176	-
The State National Bank	Garfield	55	3,891,000	1902	610	607	+
Klickitat Valley Bank	Goldendale	245	3,473,000	1968	2,484	2,536	-
Ione State Bank	Ione	85	1,962,000	1909	529	648	-
Columbia Center National Bank	Kennewick	136	2,653,000	1969	15,212	14,244	+
Bank of Latah	Latah	38	1,512,000	1907	169	190	-
Mid-Valley Bank	Omak	137	2,328,000	1970	4,164	4,068	+
Farmers & Merchants Bank of Rockford	Opportunity	8	11,707,000	1906	16,604	12,465	+
Bank of Pullman	Pullman****	71	1,812,000	1970	20,509	12,957	+
American Commercial Bank	Spokane	--	12,648,000	1965	170,516	181,608	-
First National Bank in Spokane	Spokane	--	40,416,000	1882	170,516	181,608	-
Old National Bank of Washington	Spokane	--	325,022,000	1891	170,516	181,608	-
Washington Trust Bank	Spokane	--	95,648,000	1902	170,516	181,608	-
Central Valley Bank	Toppenish	196	5,543,000	1962	5,744	5,667	+
Farmers State Bank	Uniontown	88	1,906,000	1908	310	242	+
The Baker-Boyer National Bank of Walla Walla	Walla Walla	156	46,331,000	1896	23,619	24,536	-

1902

Bank	Town	Distance from Spokane	Total Deposits December, 1971	Year Bank Chartered	Population 1970	Population 1960	Percentage Change, 1960-1970
Central Washington Bank	Wenatchee	172	$ 7,878,000	1965	16,912	16,726	+ 1.1
Farmers State Bank	Winthrop	180	1,930,000	1915	371	359	+ 3.3
Bank of Yakima	Yakima	184	39,505,000	1960	45,588	43,284	+ 5.3

*The eastern part of the state is defined as the region extending from the Idaho border to the western boundaries of Okanogan, Chelan, Kittitas, Yakima, and Klickitat counties.

**Excludes Oroville State Bank, acquired by National Bank of Commerce, 1972.

***Population growth attributable, at least in part, to expansion of Central Washington State College.

***Population growth attributable, at least in part, to expansion of Washington State University.

Sources: Bureau of the Census, Census of Population, 1970.
American Bank Directory, Spring Edition, 1972.

Ratios of Salary and Total Employee Compensation Expenses to Total Operating Revenue and Assets, Washington Trust Bank, All Washington Banks, and All U.S. Banks, 1971

	Ratios of Salary Expenses to Total Operating Revenue (percent)	Ratios of Total Employee Compensation Expenses to Total Operating Revenue (percent)*	Ratios of Salaries & Wages to Assets (percent)
Washington Trust Bank	30.7	33.3	2.01
State of Washington			
All Banks	25.6	28.4	1.83
Banks with Deposits of:			
Under $5 Million	29.1	31.8	2.09
$5 to $10 Million	24.8	27.5	1.77
$10 to $25 Million	22.6	25.2	1.66
$25 to $100 Million	23.3	26.4	1.68
Over $100 Million	26.2	29.9	1.76
United States			
All Banks	20.8	23.3	1.33
Banks with Deposits of:			
Under $5 Million	24.6	26.9	1.57
$5 to $10 Million	20.2	22.6	1.29
$10 to $25 Million	18.7	21.2	1.21
$25 to $100 Million	18.7	21.5	1.20
Over $100 Million	19.8	23.0	1.22

*Includes wages, salaries, pensions, and other employee benefits.

Source: Data compiled by the Federal Deposit Insurance Corporation, April 19, 1972.

Relative Market Shares of National Bank of Commerce and Local Banks With Which It Competes December 31, 1965 and December 31, 1971*

Bank	Bank Deposits (1971) (000's)	Percentage of Total Deposits 1965	1971
Auburn			
NB of C Auburn Branch	$11,870	36.4	34.8
Valley National Bank	8,159	14.6	23.9
Bellingham**			
NB of C Bellingham Branch	$20,374	19.7	19.4
Bellingham National (3 offices)	34,253	36.2	32.6
Northwestern Commercial (2 offices) (Figures for 1971 include Ferndale deposits)	13,256	10.1	12.6
Bremerton**			
NB of C Bremerton Branch	$28,715	36.9(66)	36.1
Kitsap County Bank -- East Bremerton Branch (1971 figure for Bremerton Branch American Marine not available)	6,094	4.5(66)	7.7
Burlington and Mt. Vernon**			
NB of C Burlington Branch	$10,827	19.4	17.9
NB of C Mt. Vernon Branch	16,553	31.8	27.3
Skagit State Bank (Burlington and Mt. Vernon) (In September 1971, Skagit State Bank moved its Head Office from Burlington to Mt. Vernon and retained a branch in Burlington)	15,693	15.9	25.9

1905

Bank	Bank Deposits (1971) (000's)	Percentage of Total Deposits 1965	1971
Clarkston			
NB of C Clarkston Branch	$18,237	82.4	68.3
Valley Commercial Bank	8,468	17.6	31.7
Kent**			
NB of C Kent Branches (3)	$ 9,642	7.3	18.5
Bank of the West -- Kent Branch (Bank of Kent merged with Bank of the West, January 30, 1969)	7,900	12.6	15.2
Longview**			
NB of C Longview Branch	$13,063	58.6	54.8
Bank of Cowlitz County (5 offices)	30,488	28.1	37.6
Lynden			
NB of C Lynden Branch	$13,063	58.6	54.8
Peoples State Bank	10,760	41.3	45.2
Quincy			
NB of C Quincy Branch	$ 7,706	81.0	72.0
Security Bank of Washington -- Quincy Branch	2,988	19.0	28.0
Clark County**			
NB of C Vancouver Branch	$23,112	17.6	14.3
First Independent Branch (9 offices)	59,706	27.6	36.9
NB of C Camas Branch	12,204	10.0	7.6
Northwestern Bank of Yacolt (3 offices)	4,316	0.8	2.7
Washington State Bank, Washougal	1,206	0.0	0.7

1906

Bank	Bank Deposits (1971) (000's)	Percentage of Total Deposits 1965	1971
Walla Walla			
NB of C College Place Branch	$ 5,575	5.9	6.5
Baker Boyer National Bank	46,331	56.7	54.3
Wenatchee**			
NB of C Columbia Valley Branch	$20,879	37.2	27.0
Central Washington Bank (4 offices)	7,878	2.9	10.2
Yakima**			
NB of C Yakima Branch	$44,940	37.0	25.0
Bank of Yakima (8 offices)	39,505	13.9	21.9

1907

*Includes all local market areas (towns or cities) for which data on offices of all competing banks are available.

**Denotes market area in which there is a branch of another statewide institution.

Source: Data compiled by the National Bank of Commerce of Seattle from published statement and Call Reports.

DX 47

Local Market Shares of National Bank of Commerce and Competing Banks Established After 1957*

Date	National Bank of Commerce Branch (Number of Branches)	Percentage of Total Deposits	Competing Banks Bank (Number of Offices)	Percentage o Total Deposit
2/31/71	Auburn (1)	34.8	Valley National (4)	23.9
2/31/64		40.7	(1)	10.3
2/31/71	Bellingham (1)	19.4	Northwestern Commercial (2)	12.6
2/31/61		22.1	(1)	4.4
	(1971 total deposits include Ferndale)			
2/31/71	Burien (2)	19.0	Continental Bank of Burien (1)	9.9
2/31/69	(2)	18.1	(1)	3.6
2/31/71	Burlington & Mt. Vernon (2)	45.2	Skagit State Bank (2)	25.9
2/31/58	Burlington (1)	80.4	(1)	19.6
	(In September 1971, Skagit State moved its Head Office from Burlington to Mt. Vernon and retained a branch in Burlington)			
2/31/71	Camas (1)	66.3	Washington State Bank (1)	6.6
	(1)	67.8	(1)	3.7
	Clarkston (1)	68.3	Valley Commercial Bank (1)	31.7
	(1)	88.7	(1)	11.3
	Columbia Valley (1)	27.0	Central Washington Bank (4)	10.2
6/30/65	(1)	36.3	(1)	2.0
	(1971 figures include Chelan deposits)			

1908

Date	National Bank of Commerce Branch (Number of Branches)	Percentage of Total Deposits	Competing Banks Bank (Number of Offices)	Percentage Total Depos
:/31/71	Edmonds (1)	Not Available	American National Bank	Not Availa
:/31/64	(1)	92.1	(1)	7.9
	(1971 figures for Edmonds Branch, Everett Trust & Savings, and Seattle Heights Branch, Security Bank of Lynnwood are not available)			
2/31/71	Ellensburg (1)	41.8	Ellensburg State Bank (1)	12.6
6/30/67	(1)	44.2	(1)	1.9
2/31/71	Goldendale (1)	73.2	Klickitat Valley Bank (1)	26.8
2/31/68	(1)	88.4	(1)	11.6
2/31/71	Kennewick & Richland (2)	43.0	Columbia Center National Bank (1)	3.8
2/31/69	(2)	44.1	(1)	2.0
:/31/71	Kirkland (2)	60.1	Bank of Kirkland (1)	6.8
/31/70	(1)	60.4	(1)	0.7
2/31/71	Long Beach (1)	82.8	Bank of the Pacific (1)	17.2
2/31/70	(1)	100.0		0.0
	foses Lake (1)	14.2	Eastern Washington Bank (1)	8.7
	(1)	14.9		0.0
	Olympia (1)	24.4	South Sound National Bank (3)	5.4
	(1)	30.8	(1)	1.0
	(Figures include all of Thurston County)			

1909

	National Bank of Commerce		Competing Banks	
Date	Branch (Number of Branches)	Percentage of Total Deposits	Bank (Number of Offices)	Percentage o Total Deposit
/31/71	Yakima (1)	25.0	Bank of Yakima (8)	21.9
/31/60	(1)	40.3	(1)	4.5

(1971 figures include Prosser and Sunnyside)

1910

ıcludes all local market areas (towns or cities) for which deposit data for all offices of competing banks are available.

te: In each case, earlier date noted indicates year in which bank was established.

ırce: Data compiled by National Bank of Commerce from public sources.

DX 48

Amounts of Loans by National Bank of Commerce With Account Addresses
in ZIP-Code Areas 99201-99208, 99216, and 99218
January 31, 1972

Type of Loan	Sizes of Loans: 0 to $1,000	$1,000 to $10,000	$10,000 to $50,000	$50,000 to $100,000	$100,000 and Up	Totals
Total Loans and Discounts	$113,679	$436,863	$1,094,444	$110,207	$8,470,583	$10,225,776
Real Estate	935	63,965	888,862	55,000	3,933,521*	4,942,282
Financial Institutions	--	--	--	--	770,300*	770,300
Carrying Stock	--	5,733	20,000	--	--	25,733
Farm	413	13,012	--	--	--	13,425
Commercial & Industrial	2,340	31,854	95,423	55,207	3,766,763**	3,951,587
Individuals	65,703	273,440	90,159	--	--	429,302

*One loan in each category.
**Two loans.

Source: Defendants' Answer to Plaintiff's Interrogatory Number 18, page 2.

1911

DX 49

Number of Banks & Banking Offices in Cities Where Branch Banking is Permitted and With 1960 Populations of 125,000-225,000 December 31, 1960

City/State	Population	Number of Banks	Number of Offices	Population per Bank	Population per Office
Mobile, Alabama	194,856	3	15	64,952	12,990
Montgomery, Alabama	134,393	4	9	33,598	14,933
Fresno, California	133,929	6	22	22,322	6,087
Sacramento, California	191,667	10	34	19,167	5,637
San Jose, California	204,196	7	25	29,171	8,168
Bridgeport, Connecticut	156,748	4	9	39,187	17,416
Hartford, Connecticut	162,178	5	19	32,436	8,536
New Haven, Connecticut	152,048	7	20	21,721	7,602
Savannah, Georgia	149,245	4	17	37,311	8,779
Evansville, Indiana	141,543	4	15	35,386	9,436
Ft. Wayne, Indiana	161,776	5	17	32,355	9,516
Gary, Indiana	178,320	3	13	59,440	13,717
South Bend, Indiana	132,445	5	20	26,489	6,622
Baton Rouge, Louisiana	152,419	5	19	30,484	8,022
Shreveport, Louisiana	164,372	5	25	32,874	6,575
Springfield, Massachusetts	174,463	4	22	43,616	7,930
Worcester, Massachusetts	186,587	5	17	37,317	10,976
Grand Rapids, Michigan	177,313	5	15	35,463	11,821
Jackson, Mississippi	144,422	3	18	48,141	8,023
Patterson, New Jersey	143,663	4	12	35,916	11,972
Albuquerque, New Mexico	201,189	3	19	67,063	10,589
Albany, New York	129,726	5	16	25,945	8,108
Syracuse, New York	216,038	4	27	54,010	8,001
Yonkers, New York	190,634	2	13	95,317	14,664
Charlotte, North Carolina	201,564	7	34	28,795	5,928
Youngstown, Ohio	166,689	4	23	41,672	7,247
Erie, Pennsylvania	138,440	5	21	27,688	6,592
Providence, Rhode Island	207,498	5	24	41,500	8,646
Chattanooga, Tennessee	130,009	3	27	43,336	4,815
Nashville, Tennessee	170,874	6	41	28,479	4,168
Salt Lake City, Utah	189,454	8	29	23,682	6,533
SPOKANE, WASHINGTON	181,608	5	23	36,322	7,896
Tacoma, Washington	147,979	5	20	29,596	7,399
Average				38,205	8,950

Sources: U.S. Bureau of the Census: 1970 Census of Population; and Rand McNally International Bankers Directory, March 1961.

DX 50

Changes in Population Per Bank and Per Banking Office in Cities Where Branch Banking is Permitted and With Both 1960 and 1970 Populations of 125,000 to 225,000 1960 to 1972

	Population per Bank		Population per Office		1960-1972 Changes in Population per	
	1960	1972*	1960	1972*	Bank	Office
Mobile, Alabama	64,952	47,506	12,990	8,637	-17,446	- 4,353
Montgomery, Alabama	33,598	26,677	14,933	5,799	- 6,921	- 9,134
Fresno, California	22,322	16,597	6,087	4,367	- 5,725	- 1,720
Bridgeport, Connecticut	39,187	26,090	17,416	5,797	-13,097	-11,619
Hartford, Connecticut	32,436	26,336	8,563	5,267	- 6,100	- 3,269
New Haven, Connecticut	21,721	27,541	7,602	5,737	+ 5,820	- 1,865
Evansville, Indiana	35,386	34,691	9,436	6,607	- 695	- 2,829
Ft. Wayne, Indiana	32,355	35,534	9,516	5,552	+ 3,179	- 3,964
Gary, Indiana	59,440	87,707	13,717	15,946	+28,267	+ 2,229
South Bend, Indiana	26,489	25,116	6,622	4,485	- 1,373	- 2,137
Baton Rouge, Louisiana	30,484	27,660	8,022	3,951	- 2,824	- 4,071
Shreveport, Louisiana	32,874	30,344	6,575	4,440	- 2,530	- 2,135
Springfield, Massachusetts	43,616	40,976	7,930	5,463	- 2,640	- 2,467
Worcester, Massachusetts	37,317	35,314	10,976	8,828	- 2,003	- 2,148
Grand Rapids, Michigan	35,463	49,412	11,821	3,952	+11,949	- 7,869
Jackson, Mississippi	48,141	38,492	8,023	4,665	- 9,649	- 3,358
Paterson, New Jersey	35,916	36,206	11,972	8,519	+ 290	- 3,453
Syracuse, New York	54,010	39,441	8,001	6,361	-14,569	- 1,640
Yonkers, New York	95,317	29,195	14,664	8,174	-66,122	- 6,490
Youngstown, Ohio	41,672	34,947	7,247	7,766	- 6,725	+ 519
Erie, Pennsylvania	27,688	32,307	6,592	6,801	+ 4,619	+ 209
Providence, Rhode Island	41,500	25,601	8,646	3,895	-15,899	- 4,751
Salt Lake City, Utah	23,682	15,989	6,533	3,823	- 7,693	- 2,710
SPOKANE, WASHINGTON	36,322	28,419	7,896	5,015	- 7,903	- 2,881
Tacoma, Washington	29,596	25,763	7,399	4,177	- 3,833	- 3,222
Average	39,259	33,754	9,566	6,161	- 5,505	- 3,405

*Population data 1970; banks and offices data as of January 1, 1972.

Sources: U.S. Bureau of the Census, 1970 Census of Population; Rand McNally International Bankers Directory, March 1961; and FDIC, Operating Banking Offices, January 1, 1972.

DX 51

Unemployment Rates, U.S. and the Spokane SMSA
1950-1971

	Percentage Unemployed	
	U.S.	Spokane SMSA
1950	5.3	5.6
1951	3.3	3.5
1952	3.0	4.7
1953	2.9	4.8
1954	5.5	6.4
1955	4.4	5.4
1956	4.1	4.6
1957	4.3	6.1
1958	6.8	9.2
1959	5.5	6.4
1960	5.5	6.9
1961	6.7	7.6
1962	5.5	6.9
1963	5.7	6.5
1964	5.2	6.0
1965	4.5	5.1
1966	3.8	4.5
1967	3.8	4.9
1968	3.6	4.7
1969	3.5	4.6
1970	4.9	6.6
1971	5.9	8.7
Averages, 1950-1960	4.6	5.8
Averages, 1961-1971	4.8	6.0

Sources: State of Washington, Employment Security Division; and Economic Report of the President, 1972, Table B-22.

DX 52

Market Share of State Total Deposits of the National Bank of Commerce, End of Year, 1960 to 1971*

Year	Total Deposits Washington	NBofC	NBofC Percentage Share
	(millions of dollars)		
1960	$ 2,844.0	$538.6	18.9 %
1961	3,067.6	571.2	18.6
1962	3,270.3	610.1	18.7
1963	3,358.9	624.8	18.6
1964	3,654.2	677.2	18.5
1965	3,984.3	759.4	19.1
1966	4,371.0	831.0	19.0
1967	4,950.9	937.2	18.9
1968	5,392.4	1,033.3	19.2
1969	5,369.4	1,033.4	19.2
1970	5,923.8	1,129.0	19.1
1971	6,400.3	1,223.0	19.1

* Includes only deposits of commercial banking offices located in the State of Washington.

Sources: FDIC: Annual Reports 1960-1965; Assets & Liabilities -- Commercial & Mutual Savings Banks, 1966-1971.
Response of the Defendant The National Bank of Commerce of Seattle to Plaintiff's Request for Production of Documents, vol. 1, p. 313; and Plaintiff's Statistical Exhibits entitled "Total Deposits of the Ten Largest Commercial Bank Organizations in Washington"

DEPT. OF GENERAL ADMINISTRATION
WM. E. SCHNEIDER, Director

JOHN McCARTHY, Supervisor
General Administration Building—Room 111 B
Olympia, Washington 98501
(206) 753-6539

Exhibit L to Intervenor's Exhibit 500

July 22, 1971

Mr. James Wm. Johnston
Graham, McCord, Dunn, Moen, Johnston & Rosenquist
Attorneys at Law
3900 Seattle-First National Bank Building
Seattle, Washington 98104

Dear Mr. Johnston:

This will acknouledge your July 20, 1971 letter relating to the comments made by the Department of Justice to the Comptroller of the Currency in conjunction with the National Bank of Commerce-Washington Trust Bank merger.

You are asking for an opinion as to the propriety of the Department of Justice's suggested methods available to National Bank of Commerce to enter the Spokane area. I quote part of the Department of Justice's comments which were in your letter:

> "Nonetheless, NBC could enter Spokane in a manner competitively tantamount to de novo branching. Specifically, NBC could acquire the city's smallest bank, or through nominees it could assist in chartering a new bank in Spokane, with which it might subsequently merge."

To put it in other words, National Bank of Commerce could acquire the city's smallest bank, namely, American Commercial Bank, or through nominees charter a new bank in Spokane. I think the State's statutes are quite clear on both of the above procedures and I feel that if either are utilized, it would be a circumvention of the laws and, definitely, a procedure that the public and the legislature do not condone.

First of all, American Commercial Bank was granted a charter in 1965 and must comply with RCW 30.03.020 (7) which states a bank cannot sell out, merge, etc., for a period of not less than ten years without the approval of the Supervisor of Banking.

Any approval granted within the ten year limitation would only be under the most compelling circumstances such as impending insolvency. To approve a merger for any other reason would be going against the intent of the public and the legislature. In this particular case, the American Commercial Bank is operating satisfactorily, and there could be no reason for this office to consent to a merger with them.

STATE OF WASHINGTON
DIVISION OF BANKING

Second, to form a bank through a nominee, then subsequently merge with it, is also against the intent of the public and the legislature. RCW 30.03.030 reads in part:

> "...the business of the proposed bank or trust company will be honestly and efficiently conducted in accordance with the intent and purpose of this title, whether the resources in the neighborhood of such place and in the surrounding country afford a reasonable promise of adequate support for the proposed bank and whether the proposed bank or trust company is being formed for other than the legitimate objects covered by this title." (emphasis added)

This means a bank is chartered to serve the public, but if the intent either primarily or secondarily is to merge with another bank, I feel it is being formed for other than the legitimate objects covered in the title.

The Comptroller of the Currency, who is governed by the state statutes should take the same position.

Therefore, I feel that the Department of Justice is actually suggesting or encouraging a bank to follow procedures which are in contravention of the intent of the law.

Sincerely,

John McCarthy
Supervisor of Banking

JMcC:krt

EXHIBIT (1) TO INTERVENOR'S EXHIBIT 500

DIVISION OF BANKING

[SEAL]

GENERAL ADMINISTRATION
SCHNEIDER, Director

June 7, 1971

[Received F.D.I.C., Chairman's Office,
Jun. 10, 10:37 a.m., '71]

The Honorable Frank Wille

Chairman, Federal Deposit Insurance Corporation
Washington, D.C. 20429

RE: Proposed Merger/The National Bank of Commerce of Seattle, Seattle and Washington Trust Bank, Spokane, Washington

Dear Mr. Wille:

Please refer to your May 20 report to the Comptroller of the Currency regarding the competitive factors involved in the proposed merger identified above.

The second paragraph on page 8 states "NBS Seattle has an alternative merger option, a much smaller $10 million institution, by which to enter the City of Spokane . . . . NBC Seattle should be required to follow that option if it wishes to enter the City at all, rather than being allowed to eliminate one of the few intermediate size banks remaining in the State of Washington."

This has prompted some concern by the American Commercial Bank in Spokane which has deposits in the neighborhood of $10 million. They have no desire, have not been approached, and would not merge with National Bank of Commerce of Seattle or any other bank. Their concern is that this comment could have an adverse effect since they desire to be an aggressive, independent bank in the Spokane area.

Also, the above could mean the Farmers & Merchants Bank of Rockford at Opportunity. This bank has its headquarters in the Spokane Valley and not in the City of Spokane. They also have indicated that they have no agreement or option to merge with National Bank Commerce of Seattle.

I would appreciate your views on the above subject since I feel the publicity could have an adverse effect on each of the above mentioned state chartered banks.

Sincerely,

/s/ John McCarthy
JOHN MCCARTHY
Supervisor of Banking

[1]
IN THE DISTRICT COURT OF THE UNITED STATES FOR THE WESTERN DISTRICT OF WASHINGTON AT TACOMA

No. 237-71C2

UNITED STATES OF AMERICA, PLAINTIFF

—*vs*—

MARINE BANCORPORATION, THE NATIONAL BANK OF COMMERCE OF SEATTLE, and WILLIAM CAMP, COMPTROLLER OF THE CURRENCY, DEFENDANTS

TRANSCRIPT OF PROCEEDINGS had in the above-entitled and numbered cause on Wednesday, January 31, 1973 beginning at the hour of 10:00 o'clock, a.m., at Tacoma, Washington, before the Honorable WILLIAM N. GOODWIN, a United States District Judge.

APPEARANCES:

The Plaintiff appearing by Richard J. Torre, Allan S. Hoffman, and Philip L. Verveer, its attorneys and counsel;

The Defendant Marine Bancorporation and the National Bank of Commerce appearing by R. A. Moen and James W. Johnston, its attorneys and counsel;

The Comptroller of the Currency as intervenor appearing by Jon Hartman and Thomas McLachlen, its attorneys [2] and counsel;

WHEREUPON, the following proceedings were had and done, to-wit:

THE COURT: Counsel, I have read the proposed findings that you have submitted.

MR. MOEN: I was going to say that I have noted up for presentation to the Court this morning the findings of fact and conclusions of law and judgment, which I would like to pass up to the Court at this time. These are in the same form as those that I mailed to your Honor earlier in the week.

I should also say that in addition thereto, the Comptroller has proposed a number of findings which pertain mostly to the needs and convenience portion of the case; and I have also attempted a second findings of fact and conclusions of law which I have attempted to incorporate into the end, and I am ready to present either one to the Court.

THE COURT: I didn't orally go into a lot of detail with regard to the needs and convenience aspect of this, because I was of the opinion that the government didn't show any anticompetitive effect, either in the wings area or otherwise, so far as this merger is concerned. That was my feeling at the time, and I [3] haven't changed on that. I think that the testimony of the economist, Dr. Smith's anticompetitive effect was based largely on his conclusion that the people in the banking business in the area were more rivals than competitors. Of course that word rival always bothers me because I don't know what it means. Even though one of them tried to explain it to me, I always felt that a rival was also a competitor, but he distinguished the economic definition apparently that a rival is not necessarily a competitor, but my feeling was, and I reiterate it, that there wasn't anticompetitive effect as a result of the merger, I still don't feel that there will be, I feel that the National Bank of Commerce, the Seattle-First National, the Old National, and the other banks in the area will be competitive.

Now in the event that somebody else should have a different feeling about the situation, the testimony was that the loan limit didn't satisfy the requirements of some customers, they so testified. They don't want to go to another financial institution, and I can understand this thoroughly, because they have been dealing with this one, Washington Trust, who know their business, that Washington Trust's knowledge of the business facilitates their acquiring money with which to finance their operation; I am talking about [4] Bennett down at Potlatch, Idaho, which is the logging and lumbering area, that he needs more money than his bank can loan him.

There is an aspect of this that is a fact, and not a theory, and that is that a person who deals with one

bank wants to continue to deal with that bank,, they know him and he knows them, and this jumping around from one bank to another like women shopping on Saturdays at one supermarket or the other whenever they have a special, that just doesn't go in the banking busniess. Anybody who has had any practical experience in the area knows that. I assume that most federal judges need enough money sometimes where they have to borrow, and they must know that themselves. You just don't jump around in the banking business from one bank to another, particularly a man who is, well, Degerstrom, for example, who is in a high-risk business, and there are only a few banks who will even go along with him, and he so stated, he needs lots of money. That is a need. The fellow from the government bank over there, they don't call themselves a government bank but they are, the one which finances farmers, said they need lots of money and would like to have another source for short term, which they need, and lots of it. I find that is a need. Then there was the County Treasurer who was here, and he said he would like to have [5] them bid on some of his stuff, and that it is all competitive, and that is true, it is competitive, these banks bid on these bond issues and so forth from these county agencies, municiple agencies constantly, and they are competitive in that area.

Now who else was there, I am trying to remember them.

MR. MOEN: There was the registration clerk from Gonzaga University.

THE COURT: Oh, that is right, the lady who came up and testified as to the student loans, that they could sure use another source of student loans over there.

MR. HARTMAN: We had testimony from the International Banking Services.

THE COURT: That is right, there was testimony as to the International Banking Service. Of course Seattle-First can furnish that, there isn't any doubt about that; and on the other hand, the National Bank of Commerce can be competitive in that area, and that would be a basis of competition in an area where there is no competition apparently now.

MR. HARTMAN: Your Honor, that is primarily the thrust of the finding that I have proposed, is that the merger is procompetitive.

[6] THE COURT: Well I think it is procompetitive. I don't take issue with the Justice Department as far as their activities in this case are concerned, because they can't just sit on their hands every time somebody wants to merge or something of the sort, they can't sit on their hands, they have to come in and make a contest of it and make them prove it, so to speak, which they did.

MR. MOEN: I have here, your Honor, findings of fact and conclusions of law which combines those of the Intervenor, as well as those of the defendants.

THE COURT: Have you looked at those, Mr. Torre?

MR. TORRE: I have looked at them separately, I haven't seen them in the combined form.

THE COURT: Well I didn't go in great detail in my oral decision, but I told you what my feelings were. Of course this isn't a case where you have to determine who is telling the truth and who isn't, that isn't this case at all. I give more credence to certain witnesses in certain areas, the economists, you know, one against the other, but where was there a conflict otherwise, except in the economists' testimony?

MR. TORRE: I suppose that is the principal area.

[7] THE COURT: Well I mean there was no other conflict that I could see.

MR. TORRE: There might be subtle conflicts, but nothing major.

THE COURT: Well, that is right. The only conflict I found in this case was between Dr. Smith, and Dr. Baxter, and Dr. Haywood, that is the only conflict that I found, and that was theory conflict, as far as I was concerned, that is where the conflict occurred, in their respective theories, and that is about as far as you can go with them, it is a theoretical conflict. Theoretically Smith says when you have these banks as rivals, and you have the wings effect, et cetera, it is procompetitive if you have a wings effect, and it is anticompetitive if you have these big banks in what he called a concentrated market, and what the government claims is a concen-

trated market. That is about all there is to the conflict. And I give more credence, and this is the easy way out for a judge, he says, I give more credence to the testimony of one witness over another, and then of course the Circuit says the judge had the opportunity to see the witness testify, and all the rest of it, and unless he makes plain error, why we don't disturb the findings, unless the evidence is overwhelmingly against it, or something [8] like that. You have all read opinions which have contained that.

Well, submit the findings and I will look at them.

MR. MOEN: These are the combined findings, your Honor, they both start out—

THE COURT: I will hear from you, Mr. Torre, as to what is wrong with the findings.

MR. TORRE: Your Honor, we were only able to look at them yesterday afternoon, because of the distance and the time factor, and rather than have Mr. Moen mail them to me last week and then have them get to me yesterday in Washington, I just came out and looked at them yesterday.

My comments would necessarily have to be rather broad. Principally I noticed that the defendants' proposed findings, I assume that the Court will accept them as proposed findings—

THE COURT: Oh, certainly.

MR. TORRE: There are no citations to the record, so there is no way of knowing the precise basis of those findings, in the defendants' proposed findings. The Intervenor, on the other hand, has made citations to the record.

One of the principal points that we are rather [9] puzzled about, we agree with it, but it seems to be in conflict with the decision of the Court, is the line of commerce issue. The proposed findings by both the Intervenor and the defendants—well the Intervenor and the plaintiff had agreed with the line of commerce, but the defendant had not, that it was commercial banking, and the proposed findings say that it is commercial banking, yet the Court in its decision from the bench extended, I think you said it had to be extended a little bit, however

the findings don't reflect that decision, and I would just note that.

THE COURT: Are you speaking with reference to competition in the area between banks and savings and loan, and so forth, as regards line of commerce?

MR. TORRE: Yes, your Honor.

THE COURT: Well I extended it because I felt that way about it, and still do, that of course commercial banking is principally the line of commerce involved. But there was testimony here, and I believe it, to the effect that these commercial banks in the area have tremendous competition from the savings and loan and the mutual savings banks, the credit unions, I think there was testimony as to the credit unions, I know the other testimony was in the record, and I believe that. Once again of course the problem is that [10] when you have some practical experience, you not only believe it, you know it. Everybody is struggling for deposits, all of those institutions are, and that is competition in my judgment, when they go out and seek depositors' money—a bank can't run without deposits, and all of them are really after those deposits. That is the way I feel about it.

MR. TORRE: I believe I understand your feelings, but I still see a conflict between what you have just said, as to other financial institutions, and the findings that have been proposed as the line of commerce. I mean there isn't anything that reflects what your Honor has said on that issue in the proposed findings.

THE COURT: Well I don't know whether they proposed it or not, but commercial banking is principally the line of commerce that is involved here, but there is testimony supporting this other statement that I made. You remember that testimony, don't you?

MR. TORRE: Oh, yes I do, your Honor.

THE COURT: There was testimony to that effect, and I remembered it. I don't know whether it was Mr. Stanton, I think he said something about it. Mr. Stanton I believe referred to the fact that the two largest savings and loan in the state were in [11] Spokane; wasn't Fidelity Mutual one of them, and another one I can't recall, was it Lincoln?

MR. TORRE: Drs. Haywood and Baxter both so testified.

With regard to defendants' proposed finding Number 19, we don't believe that is supported by the record.

THE COURT: Let me see that one.

Well I think the record supports that, I think Mr. Carlson stated definitely, and I think even your witness, you can interpret his testimony to mean if you can't go in there right with a branch bank available and so forth, there is no use going in at all, and that is what your witness Mr. Hurney said, that is the way I interpret his testimony, and that is what he said. Why did he say they didn't do so well, what did he say?

MR. TORRE: Well I believe the testimony to be, your Honor, that he testified that they weren't able to do too well because they didn't have a sufficient deposit base in the Spokane trade area to support a larger operation in Twin Falls—excuse me, I said Twin Falls and I meant to say Spokane.

THE COURT: That is what comes from having too many of these cases.

MR. TORRE: In Spokane, because he said the [12] Spokane trade area, that is, an area within approximately a hundred miles of Spokane, he said if they had ten branches within that area drawing deposits from that area, they could support a larger staff and operation.

THE COURT: Well that isn't the way I understood him. He said they didn't have a branching system over there. That is what he said.

MR. TORRE: He said that, he said that was a factor, but the other factor he also said was the deposits from the general, broader trade area of Spokane.

THE COURT: Well he said you need a branching system over there, you just couldn't go over there with one bank and do it; that is what he said, that is what I remember his saying.

Well, I accept that Number 19 as being all right.

MR. TORRE: Let's see, 19 A and B on pages 7 and 8 of the proposed—

THE COURT: Well I believe that.

MR. TORRE: —of the proposed findings. It speaks in terms of unit bank, but I would just point out that if the National Bank of Commerce were to sponsor a bank there, that sponsored bank would be legally capable of branching.

[13] THE COURT: I understand.

MR. TORRE: And it would not be limited to being a unit bank.

THE COURT: You are talking about a state bank, or a national bank for that matter, that the National Bank of Commerce would furnish all of the knowhow, all the capital and all the rest of it; that is what you are talking about, I understand that. Then it could branch, where I don't know, but that is what you say.

MR. TORRE: 19 B-C with regard to growth; I believe the testimony of Dr. Billings and our witness Michael Marston were in agreement—

THE COURT: Where is this?

MR. TORRE: 19 B-C, which is at the top of Page 8, your Honor. —that the growth would be steady and moderate, rather than slow and moderate.

THE COURT: Well, I don't know, I would put it this way, steadily slow and moderate, because I know that community, and the so-called statistics indicate that it isn't what you would call a fast-growing community, that is for sure, not under our modern definition of fast growing. I heard somebody say slow; I would agree with that, I work there, and have worked there for seven years, and I have been [14] around Spokane since 1927, and it is not a fast-growing community, and the exhibits show it.

MR. TORRE: Well we are not contending that it is, your Honor, we are contending that it would be steadily moderate, rather than slow, which is just a difference of degree.

THE COURT: Well, I don't think that is of any great moment; I just don't think that it is going to grow fast, let's put it that way. If moderate is the opposite of fast, why fine.

MR. TORRE: Intervenor's finding, I believe A-7.

THE COURT: Where is that?

MR. TORRE: Well is your Honor looking at the combined findings?

THE COURT: Yes.

MR. TORRE: Well I don't have the combined in front of me.

MR. JOHNSON: It is in Paragraph 24, your Honor.

THE COURT: All right, that is all I wanted to know, Paragraph 24.

MR. TORRE: It reads; When the issue before him is an application to merge—

THE COURT: Mr. Torre, if I didn't have it [15] before me, I wouldn't be able to understand a word you are reading, and Mr. Mayrand is faced not only with the same problem, but also that of putting it down.

MR. TORRE: I am sorry, and will try to help Mr. Mayrand.

MR. JOHNSTON: He is reading from Paragraph 25, your Honor.

THE COURT: Yes, I understand.

MR. TORRE: I don't remember where I left off, but it reads as follows and I will continue—considers the convenience and needs of the public involved, including the effect of the acquisition upon competition among other factors. In considering the merger of NBC and Washington Trust Bank, he concluded that the merger would be procompetitve in that it would allow NBC to enter the Spokane market on an adequate basis with which to compete with Seattle-First and Old National Banks.

We feel that this finding is of no matter, and immaterial to the Court's finding in this case, and that it is also legally incorrect to say that the Regional Administrator has the authority; he testified that he does not have the authority.

MR. HARTMAN: It says that he considered those factors and that is what he concluded.

MR. TORRE: Well two points in that regard, [16] I think. What he considered is inmaterial, and it is even more so inmaterial what the Comptroller himself considers under the Bank Merger Act of 1956.

THE COURT: Well, that is what he testified to, so I will let it stand; there is no way of my impeaching it. That is what he said, and that is what his job in, that is what is required of him.

MR. TORRE: We don't feel, your Honor, that is the proper subject of a finding.

THE COURT: Well, it is innocuous in any event, isn't it? It really doesn't mean anything one way or the other.

MR. TORRE: Then it shouldn't be a finding, is what we are saying.

THE COURT: Well, leave it in; it is innocuous, it doesn't mean anything one way or the other, because that isn't the issue here for me, what the Regional Administrator concludes as to its pro or anticompetitive effect, save and except that the Regional Administrator would like to have me believe that he is doing his job properly, and that is why he puts that in there, and that is all right, leave it in.

MR. TORRE: Intervenor's Finding Number 23, which states that NBC has never started a bank—

MR. HARTMAN: That is not in the combined [17] findings, your Honor.

MR. TORRE: I had no way of knowing that, your Honor.

THE COURT: Well if that is not in, we will go to the next problem.

MR. TORRE: Well there is one more then, Columbia Center National Bank was not started, that is Number 26—

MR. HARTMAN: That is not in.

MR. JOHNSTON: No, that is not in.

MR. TORRE: Those are the ones that I had noted, your Honor.

THE COURT: I don't want to make a decision about Columbia Center National Bank, what its status is, or anything about it.

MR. TORRE: I am just not prepared to go into great detail on some of the other ones, and I feel, you know, this is not the proper time to argue findings.

THE COURT: If you don't know what they are all about?

MR. TORRE: Yes.

THE COURT: Well actually I haven't read the ones that Mr. Moen has incorporated in the proposed combined findings, but a lot of it deals with the testimony of

these people who claim the need, deals with [18] trust, the trust department of Washington Trust being expanded by virtue of the merger, lending capacity; then it recites the testimony of Howard, and other matters. Frankly, I find the need, and I don't think there is anything in the proposed combined findings that is at variance with my feeling about the need. I find that the need is there, but I don't rely on that aspect of this case. I don't rely on the need to offset the anticompetitive effect because I don't think there is any anticompetitive effect. This is what you call window dressing as far as I am concerned, as far as I am concerned, I think there is no anticompetitive effect. But if there is, it is of such a minor character, in my judgment, that needs outweigh it. That is the way I feel about it. I think that the future will prove it, too, that it is procompetitive. And I don't think again, and I am interested more in the welfare of the people than I am the welfare of the banker, I just don't think that the people of the community, the trading area, or whatever you want to call it, are going to get hurt as a result of this merger. I am talking about Mr. John Q. Average Citizen, I just don't think he is going to get hurt. If I thought he was, I would come out with a different result here, but I just don't think he will. Whether or not the bankers make a lot of money [19] isn't anything that I am particularly interested in, but I don't want to see anybody get hurt, as far as the consumer is concerned, because they are literally the ones would suffer, but I just don't think they will.

All right, is there anything further?

MR. TORRE: The defendants have submitted a bill of costs, and we would ask that the Court not tax this cost until the whole thing comes to rest.

MR. MOEN: I was going to present my cost bill this morning, which I served a copy on Mr. Torre yesterday, and I would like to have these items approved by the Court; we only have five days under our court rules.

THE COURT: Let me see what they are.

MR. MOEN: Here is the cost bill, this is the one I served, and I am filing together with my notice of presentation. I am going to ask the Court, however, if I can amend the portion of daily transcript of the trial. I put

it in for $997.33. This morning Mr. Mayrand gave we a revised bill of $1,804.67. Now either way it doesn't make any difference to me, I think we are entitled to our costs, so I am not resisting the $1,804.67, but I think I should be able to amend my cost till accordingly. Other than that, I would simply ask for the items which are taxable under [20] the federal statute.

MR. TORRE: We just would ask that they not be taxed until the matter is completed.

THE COURT: Well if you appeal and you win, why the cost will abide by the result of the appeal anyhow, so I will delay taxing of the costs.

All right, I am satisfied that these fairly represent what I say, and if they overstate the question in some areas, I don't think it is just innocuous.

MR. TORRE: Then has your Honor adopted those findings?

THE COURT: I have adopted them.

MR. MOEN: Now are you also entering judgment today?

THE COURT: Yes. Judgment and Decree, there it is, I will sign it.

All right, nothing further, it has been a pleasure to try the case with you gentlemen; it isn't always a pleasure to try a case, but I enjoyed that one.

All right, court will be at recess.

(Conclusion.)

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON

Civil No. 237-71C2

UNITED STATES OF AMERICA, PLAINTIFF

v.

MARINE BANCORPORATION. THE NATIONAL BANK OF COMMERCE OF SEATTLE, and WASHINGTON TRUST BANK, DEFENDANTS

and

WILLIAM B. CAMP, *Comptroller of the Currency*, INTERVENOR

FINDINGS OF FACT AND CONCLUSIONS OF LAW

This action having come on duly and regularly for trial on January 8, 1973, before the undersigned Judge of the above-entitled court, Honorable William N. Goodwin, United States District Judge, Presiding, each of the parties to this action being represented by their respective attorneys of record, a Pretrial Order approved by all parties having been entered herein, written briefs having been submitted to the court by all parties, evidence oral and documentary having been introduced, each party having rested, oral arguments made, the issues herein having been submitted to the court for determination, and the court having announced its decision, now makes the following

FINDINGS OF FACT

1. The National Bank of Commerce of Seattle (hereinafter referred to as NBC), founded in 1889, is a national banking association. It has its principal place of business in the City of Seattle, Washington, transacts business and is found within the Western District of Washington.

2. Washington Trust Bank (hereinafter referred to as WTB), founded in 1902, is a banking corporation or-

ganized under the banking laws of the State of Washington, and maintains its principal place of business in the City of Spokane, Washington.

3. Marine Bancorporation is a corporation organized and existing under the laws of the State of Washington. It has its principal place of business in the City of Seattle, Washington, transacts business and is found within the Western District of Washington.

4. Marine Bancorporation is a registered bank holding company organized under the laws of Washington in 1927. It owns all of the capital stock of NBC, exclusive of directors qualifying shares.

5. NBC and WTB are each engaged in interstate commerce.

6. By an Agreement of Merger dated February 4, 1971, NBC and WTB agreed that WTB would be merged into NBC, and that thereafter NBC, as the surviving bank, would operate all banking offices of WTB as branches of NBC.

7. On March 9, 1971, NBC and WTB applied to the Comptroller of the Currency of the United States for permission to consummate the merger under the charter and with the title of NBC. A hearing on this application called by the Comptroller was held in Portland, Oregon on July 27, 1971. By his Decision dated and promulgated September 24, 1971 (a copy of which is attached to the Pretrial Order as Exhibit A thereto), the Comptroller granted his permission to said merger.

8. Consummation of said merger was automatically enjoined under the provisions of the Bank Merger Act of 1966 (12 U.S.C. § 1828(c)(7)) by the institution of this action on October 22, 1971.

9. On December 4, 1971, the Comptroller exercised his statutory right under the Bank Merger Act to intervene as party to this action in support of his approval of the merger.

10. NBC operates 107 branch offices in the State of Washington, of which at least one office is located in each of 29 counties of the 39 counties in the state. However, of the four largest metropolitan areas in the state, i.e., the Seattle metropolitan area (the largest), the Tacoma metropolitan

area (the second largest), the Spokane metropolitan area (the third largest), and the Everett metropolitan area (the fourth largest), NBC operates offices only in the Seattle metropolitan area, and does not operate offices in the other three metropolitan areas. Also, of the 154 cities in the State of Washington having a population of 1,000 or more, NBC has offices in only 54 such cities.

11. The business of commercial banking (and the cluster of products and services denoted thereby) is the relevant product market within which the competitive effect of the merger is to be judged.

12. Commercial banking in the State of Washington is inherently local in character. As in most service industries, convenience of location is essential to effective competition in commercial banking in the State of Washington. In this state, as well as elsewhere in the United States, generally, individuals and corporations typically confer the bulk of their patronage on banks in their local community; they find it impractical to conduct their banking business at a distance. The factor of inconvenience localizes banking competition in Washington State as effectively as high transportation costs in other industries.

13. The Spokane metropolitan area, consisting of the City of Spokane and the populated areas immediately adjacent thereto, including the area extending easterly through the suburb of Opportunity toward the Idaho border, as more particularly delineated and described in Exhibit I to the Pretrial Order herein, is the area of effective competition of commercial banks located in the City of Spokane and its environs, and constitutes the commercial banking market which is the relevant geographic market within which the competitive effects of the merger are to be judged.

14. Of the 90 state and national banks in Washington State, there are several national banks such as NBC which have numerous branches throughout the state, but each of these banks has no presence in a number of important local banking markets. The banking business of the remainder of these 90 banks is each confined to from one to several local banking markets, comprising, at the most, a small portion of the total number of local markets in the

state. In view of the inherently local character of commercial banking in the state, and the fragmented character of the presence of even the largest banks in the various regions of the state, neither the state as a whole, nor any of the larger regions thereof, such as eastern Washington, constitutes a commercial banking market or a relevant geographic market within which the competitive effects of a transaction in the line of commerce of commercial banking may be judged.

15. NBC is a full service bank with assets in excess of $1,800 million, deposits in excess of $1,500 million, and a loan limit of $7.5 million, and in the event the merger is consummated, will be capable of providing commercial bank customers in the Spokane metropolitan area with a complete alternative in all phases of full service commercial banking to those offered by the present market leaders, Seattle-First National Bank and Old National Bank of Washington.

16. WTB is a limited service bank with resources of $112 million, deposits of $96 million, and a loan limit of $1.25 million. Although WTB has seven banking offices in the City of Spokane and one in Opportunity, a suburb of Spokane, its activities are very limited in the areas of agricultural loans, residential and commercial mortgage loans, mining loans and inventory and accounts receivable financing. Its trust department and investment advisory services are substantially limited. It provides no services or facilities in the area of international banking. It does not participate in the local municipal bond market. Its credit card service may have to be discontinued, due to inadequate yield. It has not been able to provide the full needs of some of its customers and potential customers, due to its loan limit, and this problem seems to be growing more difficult.

17. NBC has a long history in the State of Washington as a vigorous competitor in the areas where it has established banking offices, and no credible evidence to the contrary has been presented in this proceeding. Based on its past record in this respect, it is reasonably probable that NBC will, if this merger is consummated, compete vigorously in the Spokane metropolitan market area in all phases

of full service commercial banking, and due to its superior resources and capability, and the additional areas of loans and services which it will offer, the consummation of the merger will have the direct and immediate effect of substantially increasing competition in commercial banking in the Spokane metropolitan area.

18. In view of the fact that there is no significant existing competition between NBC and WTB (Pretrial Order—Agreed Issues, paragraph IV), and the fact that it is reasonably probable that the consummation of the merger will have the effect of increasing competition in commercial banking in the Spokane metropolitan area, the court finds that the consummation of the merger will have no inherent anticompetitive effect, and Plaintiff has failed to establish any reasonable probability that any such anticompetitive effect will result from the consummation of the merger. On the contrary, the testimony of Dr. Haywood and Dr. Baxter has affirmatively established, and the court finds as a fact, that there is no reasonable probability that any anticompetitive effects will result from the consummation of the merger, or that the effect of the merger may be substantially to lessen competition in commercial banking in the Spokane metropolitan area, or in any other commercial banking market.

19. In support of Finding No. 18 above, the court finds that the Plaintiff has failed to establish that in the event the merger with WTB is not consummated, there is a reasonable probability that NBC will enter the Spokane metropolitan area market in the reasonably foreseeable future, or that there is any feasible alternate method by which NBC could do so. On the contrary, the evidence advanced by Defendant and Intervenor has affirmatively established, and the court finds as a fact, that the legal and economic barriers to any other method of entry by NBC into the Spokane metropolitan area are such that in the event the merger is not consummated, there is no reasonable probability that NBC will enter said area in the reasonably foreseeable future. Said legal and economic barriers include the following:

(a) Under applicable law governing branching by commercial banks in Washington, NBC cannot estab-

lish a branch *de novo* in Spokane or Spokane County. The only legal method by which it can establish a branch in Spokane is by acquiring an existing bank (or a branch of any such bank) operating in Spokane. Plaintiff has failed to establish that there is any existing bank or branch in the Spokane metropolitan area, other than WTB, which is available for acquisition by NBC or that there is any reasonable probability that any such bank or branch will be available for acquisition by NBC on any reasonably acceptable basis at any time in the foreseeable future, or at all. On the contrary, the evidence advanced at the trial has affirmatively established, and the court finds as a fact that there is no bank or branch in the Spokane metropolitan area other than WTB which NBC could acquire at the present time, and there is no reasonable probability that any such bank or branch will be available for acquisition by NBC on any reasonably acceptable basis at any time in the reasonably foreseeable future.

(b) Any method of entry into Spokane by NBC which would be limited to a foothold or the substantial equivalent of a *de novo* entry would, even if it could be legally accomplished, not be economically feasible for NBC. The following facts and circumstances established by the evidence support this finding:

A. It would not be compatible with prudent business practice in commercial banking for a major full service bank such as NBC to enter the Spokane metropolitan area, or any similar metropolitan area, on a limited service basis comparable to that of a newly-organized independent unit bank. To do so would be more of a detriment than a benefit to NBC, and its past and present chief executive officers have testified that NBC would not consider entry in that manner, even if it could be legally accomplished.

B. Due to the extensive development of branch banking in metropolitan areas in Washington such as the Spokane metropolitan area branch offices are essential to effective competition in such metropolitan areas. As a Seattle bank, NBC

could not establish additional branches in Spokane.

C. In the Spokane metropolitan area, and in Washington State as a whole, new business is acquired by commercial banks largely as a result of the growth of the communities which they serve. Customer loyalty to his bank connection is very strong in this state, and, consequently, competition for new business is largely in the area of prospective new customers resulting from growth of the banking market, rather than competition for established customers of the competing banks. In this connection, growth of the Spokane metropolitan area has been slow during the past ten years, and it is probable that it will continue to be slow to moderate in the reasonably foreseeable future. Consequently, the prospects for growth, or even survival, of a bank or banking office starting from scratch or from a minimal foothold in the Spokane metropolitan area is negative. In this connection, the court gives great weight to the testimony of H. Joe Selby, Regional Administrator of National Banks for the 13th Region, and finds that it is not reasonably probable that a charter for a new national bank in Spokane will be granted within the reasonably foreseeable future.

D. A small office, such as would be compatible with the limited amount of deposits which could be expected for the first five to ten years, could not house or support the full services of a bank such as NBC in a metropolitan area such as Spokane. Adequate facilities and staff for this purpose could not be justified on any basis without an adequate deposit base. Actual experience of foothold entry into Spokane by The Pacific National Bank of Washington, and of foothold entry by Old National Bank of Washington into Seattle by foothold entry has been such as to discourage such projects, even where a small going bank was available. Starting from scratch would be even

less likely to produce satisfactory results in a reasonable time.

E. Profitable correspondent relationships enjoyed by NBC in Spokane, particularly with WTB, would be jeopardized and probably lost if NBC were to enter by other means, thus offsetting any hoped-for gains.

F. The commitment of cash resources necessary to establish the facilities and staff required to provide full service commercial banking to Spokane would be entirely out of line with prospective earnings and benefits which could reasonably be expected to result.

G. Even if, despite the above considerations, NBC should decide to commit the necessary resources to enter a new metropolitan area in such manner, other alternatives such as Tacoma and Everett would have to be considered, and it is reasonably probable that Tacoma, rather than Spokane, would be preferable to NBC.

20. In further support of Finding No. 18, the court finds that if, despite the considerations set forth in Finding No. 19 above, NBC should enter the Spokane metropolitan area by foothold acquisition or by some indirect means substantially equivalent to a *de novo* entry, such limited entry and restricted presence in the market area by NBC would have no significant competitive impact on commercial banking in the Spokane metropolitan area. In this connection the Court finds that the foothold entry made by National Bank of Washington (now Pacific National Bank of Washington) into the Spokane metropolitan area in 1965 has not had any significant competitive effect due to the relatively small amount and share of deposits and other banking business which it has been able to obtain since its entry, and the Court finds no reasonable probability that NBC would fare substantially better if limited to a foothold entry or less. The Court finds therefore that the procompetitive effect of any such entry by NBC into the Spokane metropolitan area in such manner would not be significant, and is far outweighed by the substan-

tial, direct and immediate procompetitive effect which the Court has found to be reasonably probable as a result of the consummation of the merger.

21. In further support of Finding No. 18, the Court finds that the threat of entry by NBC into the Spokane market by any means other than the consummation of the merger, to the extent any such threat exists, does not have any significant effect on the competitive practices of commercial banks in that market nor any significant effect on the level of competition therein.

22. On the basis of the testimony of Dr. Haywood and Dr. Baxter and other evidence advanced at the trial, the Court finds that the structural factors such as the relative shares of IPC deposits relied upon by Plaintiff do not establish that the Spokane market in commercial banking is not a competitive market. The Court finds that the other structural factors relied on by Drs. Haywood and Baxter, such as the number of banks and the number of banking offices in the market area, together with the actual performance of the market as observed by Dr. Baxter, establish as a fact that the Spokane commercial banking market is a highly competitive market, and does not suffer from parallel or other anticompetitive practices attributable to undue market power. The Court rejects the testimony of Dr. Smith in this regard as based on mere theoretical speculation not in accord with realities of the commercial banking business in Spokane.

23. Plaintiff has failed to establish or produce any evidence whatsoever that there is any reasonable probability that WTB will expand into other banking markets in eastern Washington or that WTB has the incentive or capability to do so. Plaintiff has also failed to establish or produce any evidence whatsoever that there is any reasonable probability that WTB will combine with other middle-sized or smaller banks for any purpose. On the other hand, Defendants have presented clear and convincing evidence to the effect that WTB has neither the capability, resources or incentive to embark on any such schemes of expansion or consolidation, and the Court finds that there is no reasonable probability that WTB will take any such action in the reasonably foreseeable future.

23. There is no reasonable probability that Old National Bank of Washington will be entrenched as a dominant bank in the Spokane metropolitan area or in Spokane County as a result of the elimination of WTB as a competitor for branch bank sites in those areas.

24. Mergers and consolidations between other banks in Washington, either state or national, cannot be consummated without the approval of the regulatory authorities which are charged with the duty of examining all aspects thereof to determine whether or not such merger or consolidation is in the public interest. If it appears that any such merger or consolidation is not in the public interest by reason of the adverse factors suggested by Plaintiff herein, the court is satisfied that the regulatory authorities will perform their duty and withhold approval, notwithstanding whether or not the instant merger between NBC and WTB is consummated. The court finds, therefore, that there is no reasonable probability that the consummation of this merger will foster further mergers which are, for any reason, not in the public interest.

25. Assuming, arguendo, that, contrary to the foregoing Findings, the merger would have some or all of the anticompetitive effects alleged by Plaintiff, said effects are clearly outweighed in the public interest by the probable procompetitive effects of the transaction in meeting the convenience and needs of the community to be served.

(a) This merger is procompetitive in that it will put NBC into the Spokane market to replace Washington Trust which is presently limited by its size in its ability to compete with the state's largest financial institutions including Seattle-First National Bank.

A. Washington Trust Bank is under severe limitations because of its lack of resources, and is unable to compete substantially in areas requiring specialization and expertise that the bank has not been able to get into because of its lack of size.

B. After Washington Trust is successful in nurturing small customers into larger and suc-

cessful ones, they then exceed the ability of Washington Trust to help and it cannot service their needs.

C. This merger will make the Spokane market even more competitive, as it will replace a bank with limited competitive ability vis-a-vis these larger banks in Spokane, with the second largest bank in the state; one with more capacity to provide loans, various kinds of specialized services and more resources to sustain a competitive battle than Washington Trust now has.

D. Washington Trust is presently at a competitive disadvantage being unable to offer all banking services which are demanded in Spokane. As a result of this merger, it will be able to more effectively compete in that market.

E. When the issue before him is an application to merger, the Regional Administrator of the Office of the Comptroller of Currency (which regulates and supervises national banks and passes upon merger under authority of the Bank Merger Act of 1966 (12 U.S.C. § 1828(c) (5), et seq.)) considers the convenience and needs of the public involved including the effect of the acquisition upon competition, among other factors. In considering the merger of NBC and Washington Trust Bank, he concluded that the merger would be procompetitive in that it would allow NBC to enter the Spokane market on an adequate basis with which to compete with Seattle-First and Old National Bank.

(b) This merger is procompetitive because NBC's higher lending limit will give Washington Trust's customers and everyone else another source of large loans.

A. Although Washington Trust Bank's legal lending limit is about $1.25 million, as a practical matter the bank's policy is not to go over $1 million; NBC's lending limit is about $7.5 million.

B. When the Spokane based R. A. Hanson Company exceeds Old National's lending limit, it will be forced to deal with the "one store left in town"—Seattle First National Bank. The entry of the National Bank of Commerce into Spokane by this merger will give that company a second large bank to which it can look for large amounts of financing and in that respect will be procompetitive.

C. The Degerstrom Construction Company, headquartered in Spokane, builds large projects for the public, including highways, airports and dams. He secures jobs on these projects through competitive bidding. Having an alternative source for the large amounts of money Mr. Degerstrom needs in Spokane would have a procompetitive effect on interest rates. This in turn, would allow the Degerstrom Company to be more competitive in bidding on public projects.

D. The Bennett Lumber Company is one of five or six in the area that looks to Washington Trust for financing, being roughly of medium size (about $10 million gross). If adequate financing for the lumber business is not available, its ability to compete is impaired. Washington Trust is particularly important in financing the lumber industry. In the past, other banks have not been as interested in such financing, and it would be beneficial to the entire industry to have NBC with more lending power. Bennett Lumber uses financing to carry its inventory and accounts receivable. Also, it must finance repairs and expansions, including things like pollution control devices. It sometimes needs about $1 million in inventory financing alone. When Bennett Lumber sought to expand, it reached the lending limit of Washington Trust. Participations were sought unsuccessfully, as well as a loan from an insurance company. Ultimately, the company had to resort to the Federal Land Bank. This entailed negotiations with the

Internal Revenue Service in Washington, D. C., hiring attorneys and accountants, splitting up his corporation, paying a higher interest rate, and waiting almost a year before he got the money. It would have been very beneficial if Washington Trust had been large enough to be capable of helping Bennett Lumber. The need to search for another source for this financing caused Bennett to curtail its operations.

(c) This merger is procompetitive because it will make NBC's international banking services available in Spokane as a needed alternative source of such services.

A. NBC, if it comes in through this merger, will offer in Spokane the services of the best international department in the region, with branches in London, Paris, Tokyo, Hong Kong and Singapore. Positions are maintained in foreign currencies which enable NBC to trade and give immediate international exchange quotations.

B. There are several companies in Spokane which handle exports of peas and lentils and which can use more competition in international banking services. They include Merchandisers Unlimited, Spokane Seed Company, McDonnel Seed Company, and Inland Empire Pea Growers.

C. Old National Bank of Washington in Spokane does not have expertise in the field of international banking.

D. American Sign and Indicator Corporation, ABC Machine Tools, Inc., and several other capital goods producers in Spokane might all develop more foreign sales if a local bank could provide know-how and follow up in specialized export programs.

E. International banking is becoming more and more needed in Spokane, and WTB cannot presently compete in that area.

F. The Vaughn-Jacklin Seed Company raises and sells turf grass seeds produced in the Spokane vicinity. Each year, the Spokane area accounts for twenty to twenty-five million pounds of seed, principally turf grass. This company seeks to expand its export operations in foreign markets. Presently, in a small way, the company exports through one of its competitors, because its bank, Washington Trust, lacks the necessary expertise in international trade. A bank with a strong international department would be of benefit and is a must if the company is to move strongly into international markets.

G. Hollister-Stier Laboratories manufactures biological products, primarily allergens, from its headquarters operation in Spokane and elsewhere. It sells these products throughout the United States and overseas in conjunction with foreign subsidiaries established by it. When one of these subsidiaries was established in France, the company had to go through a New York Bank. There is a need for services of the kind to be available through a local bank in Spokane.

H. The R. A. Hanson Company, located in Spokane, manufactures specialized construction machinery used primarily in building irrigation canals, and sold throughout the world. This company presently gets its international banking services through a correspondent of Old National Bank of Washington and has experienced difficulty in transacting business in this manner. The entry of NBC into Spokane by this merger will provide an alternative source of international banking services and would be procompetitive. It will benefit this company directly if it utilizes such services, and indirectly in any event, as Old National will have to compete through better services because NBC is there.

(d) This merger is procompetitive because it will enable Washington Trust to compete in mining loans, which, because of its size, Washington Trust has never been able to do.

(e) This merger is procompetitive because it will provide a needed alternative source of bank quality mortgage financing in Spokane. The present resources of WTB are not sufficient to provide for any volume of these loans. There is a need in Spokane for additional mortgage financing in the residential field. NBC makes residential mortgage loans including FHA and VA loans in volume. Current interest rates on conventional loans are 6¾% to 7% on bank quality conventional loans. These loans would be made available in Spokane in accordance with its needs if this merger goes through. NBC will provide in Spokane interim construction financing in the field of mortgage lending. This requires a great deal of skill and judgment and expertise which NBC has available. Coast Mortgage, a subsidiary of Marine Bancorporation generates a quality of mortgage quite different from those offered by the National Bank of Commerce. While there are other sources for financing residential mortgages in Spokane, there is only one commercial bank which offers mortgage financing in volume. This is Seattle-First and they began offering conventional mortgage loans six or eight months ago. It would be highly desirable for NBC to enter Spokane and offer conventional mortgages at a 7% interest rate.

(f) This merger is procompetitive because it will provide a needed alternative source of financing agricultural needs.

A. The Federal Intermediate Credit Bank of Spokane supplies wholesale money for some 30 Production Credit Associations (PCA's) throughout four Northwest states and Alaska. PCA's are federally chartered corporations, owned and controlled by farmers and ranchers supplying production financing and capital requirements for terms up to seven years. At present there are some 15,772 active borrower members in this bank's area. A PCA might commit itself to supply operating funds for a 12-month period, or capital items for longer

terms. The farmer can draw against this commitment as the funds are needed during the period of the loan. The Intermediate Credit Bank in turn "rediscounts" the PCA loan guaranteeing the PCA that it will supply these funds over the period needed. When this commitment is made, the funds are not necessarily available at the Federal Intermediate Credit Bank and it has the burden to obtain and supply the money as required. Ninety-three percent of these funds come through the sale of debentures in the public market. The other seven percent comes from commercial bank borrowings. The FICB's needs for funds are erratic. It is subject to drafts "any minute of the day" and the bank never knows what the requirements will be in terms of receipts coming in and disbursements to be made. It is vital to have a larger amount of credit available at this time. Within the next few years FICB's requirements will double and the bank is seriously concerned over where these funds are to come from. In November 1972, the Federal Intermediate Credit Bank in Spokane needed to borrow about $27 million. At that time there was only one bank in Spokane, Seattle-First National Bank, providing the large scale line of credit needed by the Federal Intermediate Credit Bank, which at this time had obtained only an $8 million line of credit there. The Intermediate Credit Bank has already been able to use NBC's announced entry into Spokane through this merger in a competitive manner, bargaining with its only present Spokane source of bank funds (Seattle-First) for and obtaining an increase in its line of credit from $8 million to $12 million. NBC's entry into Spokane will provide a competitive source for the substantial funds needed by FICB.

B. A larger lending limit would help Washington Trust be more competitive in agricultural lending, something they are not now in a position to do.

C. NBC has the best agricultural lending department in the region. (11th largest in the United States.) NBC will make agricultural lending services available in Spokane if the merger is permitted.

(g) This merger is procompetitive because it will bring to Spokane a needed alternative source of financing for local and municipal governmental needs.

A. NBC has a positive policy to bid on every issue offered by public bodies where the bank is located and has been very aggressive and successful in these bids. NBC at times can broaden the market for municipal issues through its salesmen who contract correspondent banks or individuals in the market for such securities. NBC will make available in Spokane its investment department which will assist and work closely with public treasurers, and provide a source for investment of these excess public funds.

B. NBC is the first bank located in the State of Washington to be designated fiscal agent. This entails the responsibility for payment of coupons and matured bonds of all political subdivisions of the state utilizing this service. Previously, New York City banks had handled this and were compensated by requiring the public body to deposit its funds in advance of the due date to the bank's advantage and reducing the local government's money. NBC does this without requiring lead time, thereby saving money for the municipalities.

C. Merton Howard is the Treasurer of Spokane County and has been such for 15 years. He advises the many subgovernmental districts in Spokane County on financing matters. These districts have needs for financing which do not attract lenders outside the area and so must be met by local financial institutions. In the areas where NBC has been present in the county it has

helped local governmental bodies in meeting their financial problems. It should do the same for Spokane if NBC were to enter through merger with Washington Trust. NBC's entry through this merger would give Spokane County an additional source for financing local subgovernmental units.

D. County funds are often invested under repurchase agreements which allow them to earn interest yet are very short term so that the money is readily available. Presently, only two banks in Spokane bid on the County's repurchase agreements. If NBC were in Spokane through this merger there would be an additional bidder on repurchase agreements. It has been the County Treasurer's personal experience that additional competition on these instruments raises interest rates paid to the direct benefit of taxpayers and the public.

(h) This merger is procompetitive because it will bring to Spokane a needed alternative source of the many and varied specialized lending and bank services in which only a bank of NBC's size can compete with institutions the size of Seattle-First.

A. NBC has a substantial trust operation with specialists in all areas of trust investment and research. It offers counseling and advice, nine or ten common trust funds for greater flexibility, and efficient handling of accounts. Most surpass in performance the leading composite stock market averages.

B. NBC has a great deal of expertise available and lending capacity in the installment lending field, term loans on plant and equipment, vehicle leasing, SBA loans (including ones in the agricultural field), student loans (even though not profitable) and lease financing. This expertise and lending capability will be made available in Spokane if this merger goes through.

C. NBC offers substantial computer services.

D. NBC makes economic opportunity loans to

minority groups together with the counseling and personal attention helpful to the borrower. This type of financing will be made available if the merger goes through.

E. Washington Trust has never had the capital available to compete in the area of other specialized loans such as term capital loans or "turnkey" loans.

F. Even if Washington Trust could afford to go out and hire personnel with the expertise and specialized knowledge it takes, it does not have sufficient funds to really become a factor in these areas so that it would be extremely expensive to bring such experts into the bank.

G. Washington Trust's trust department is not really competitive in certain areas of trust services, including investment advisory services.

H. Gonzaga University in Spokane this year processed about 650 applications for the guaranteed loan program, and 50 to 60 percent of all Gonzaga students depend a great deal upon loans. Presently, there is only one reliable, dependable source of student loans in Spokane—Washington Mutual Savings Bank, and a second source or outlet for such loans is needed and would be very helpful. The students need these loans now, not ten years from now.

26. There are no reasonable alternative means of providing the procompetitive benefits of this merger.

(a) Loan participations are not a satisfactory way for a bank to obtain additional funds for its customers.

A. Servicing its customers by using other banks to place overlines has been unsatisfactory. It requires explanation and justification of the credit worthiness of the customer to another bank located hundreds of miles away. Furthermore, this type of credit is not always available.

B. See Findings 24(b)D showing difficulties of Bennett Lumber Company.

(b) Entry by any of plaintiff's suggested alternative means is either unlawful, unobtainable, unattractive or impractical, and in any event would not provide the immediate procompetitive benefits of the instant merger. See Findings 19 and 20.

27. The procompetitive aspects of the merger will benefit the entire community.

(a) The entry of the National Bank of Commerce into Spokane through this merger will benefit the convenience and needs of the community, and not only the people who have particular needs for certain sophisticated bank services. As Dr. Baxter testified, the economic system is a circle. If businesses can get better international banking services or larger loans, it follows that a direct result will be more investment and increased employment. The increase in competition goes across the range of all banking services which are offered to all banking customers, and all banking customers benefit from the general growth of the economy.

From the foregoing FINDINGS OF FACT, the court now makes the following

CONCLUSIONS OF LAW

1. The court has jurisdiction of the subject matter and of the parties to this action.
2. Plaintiff has failed to prove that the merger between NBC and WTB, if consummated, may substantially lessen competition in commercial banking in the Spokane metropolitan area or in any other section of the country.
3. Plaintiff has failed to prove that the said merger, if consummated, may substantially lessen competition in any line of commerce in any section of the country.
4. Consummation of the proposed merger of Washington Trust Bank into The National Bank of Commerce of Seattle does not violate Section 7 of the Clayton Act.
5. If, contrary to the foregoing findings, the said proposed merger did have some or all of the anticompetitive

effects alleged by Plaintiff, Defendants and Intervenor have sustained the burden of establishing their affirmative defense under the Bank Merger Act of 1966, i.e. that said anticompetitive effects are clearly outweighed in the public interest by the probable effects of the merger in meeting the convenience and needs of the community to be served.

6. The statutory injunction presently in force should be dissolved.

7. Defendants and Intervenor are entitled to statutory costs.

DATED this 31 day of January, 1973.

/s/ William N. Goodwin
United States District Judge

Presented by:

/s/ R. A. Moen
One of the attorneys
for the Defendants

And by:

/s/ Jon D. Hartman
One of the attorneys
for the Intervenor

[1]

IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

No. 237-71C2

[Filed in the United States District Court, Western District of Washington, Aug. 1, 1973, Edgar Scofield, Clerk, By M., Deputy]

[Received Aug. 3, 1973, Office of the Clerk, Supreme Court, U. S.]

UNITED STATES OF AMERICA, PLAINTIFF

—*vs*—

MARINE BANCORPORATION, THE NATIONAL BANK OF COMMERCE OF SEATTLE, and WILLIAM CAMP, COMPTROLLER OF THE CURRENCY, DEFENDANTS

TRANSCRIPT OF PROCEEDINGS had in the above-entitled and numbered cause on Thursday, February 22, 1973 beginning at the hour of 1:30 o'clock, p.m., at Las Vegas, Nevada, before the Honorable WILLIAM N. GOODWIN, a United States District Judge.

APPEARANCES: The Plaintiff appearing by Richard J. Torre, and Allan S. Hoffman, its attorneys and counsel;

The defendant Marine Bancorporation and the National Bank of Commerce appearing by R. A. MOEN and James W. Johnson, its attorneys and counsel;

The Comptroller of the Currency as Intervenor appearing by Jon Hartman and Thomas McLachlen, its attorneys and counsel;

[2] WHEREUPON, the following proceedings were had and done, to-wit:

The record may show that we are in Las Vegas, but

acting as if we are in Tacoma, for purposes of this case. All right, to ahead.

MR. HOFFMAN: May it please the Court, the plaintiffs have filed a motion to request that the Court make additional findings of fact in addition to those previously adopted.

We believe that the findings that we propose would assist a reviewing court in determining the basis of the decision the Court has already reached, and they are submitted for that purpose.

THE COURT: Let's go over them one by one. All right, I have them and I have read them. I know what your reasons are; Number 1, Commercial Banking in Spokane Metropolitan area is concentrated. How could I make that finding in view of what I said in my decision, oral decision, and incorporated in Mr. Moen's findings that he submitted to me for my signature?

MR. HOFFMAN: Well I might suggest that we talk about the first four findings, they all describe commercial banking in various sections of the country, and I would answer your question this way; we believe, [3] and we feel that the case law supports us on this, that the word concentrated, or concentration has a specific meaning relating to the market shares held by the leading organizations in a particular market, and we believe under the guidelines that have been developed over the years that the market shares of the leading banks in all four of these areas are such that the area might properly be described as concentrated.

Now a legal point, as a legal matter, we would say that concentration is related to performance, competitive performance of banks in the market, but we have submitted independently that in these findings we are talking of concentration radios. In one of the findings you have adopted is a finding stating that the markets were competitive, and of course we don't agree with that, but we want to understand that these four findings are independent of that conclusion, and if these were adopted it would be clear to a reviewing court that you found that these markets were competitive despite a relatively high concentration.

THE COURT: No. No, I didn't do that really; as I understand the phrase concentrated market, it means that the banking in the area is of such a character that by virtue of the control of the banking market, it is not competitive. What you want me to say is [4] that it is a concentrated market; then you could say that it is controlled in the sense that it is not competitive. That is the point you are trying to make, and want me to say that, and I am not going to. I am just not going to say that it is a concentrated market and not competitive, because I believe it is competitive. I also agree that the majority of the banking business in the area, as in most areas, I would say Seattle, Tacoma, Yakima, there are several banks that do most of the business. For example in Spokane, the Washington Trust Bank, the Old National Bank, and the Seattle-First National do most of the business, but that doesn't mean that it is a concentrated market as I understand that term, in that there is no competition there because it is just in the hands of noncompetitive three banks, or something of that sort. I just don't follow this.

MR. HOFFMAN: Well we would say that the opposite of concentrated market is an unconcentrated market, not a competitive market—

THE COURT: Unconcentrated market, what would that be?

MR. HOFFMAN: A market in which the few largest banks held a relatively small percentage of the total deposits.

THE COURT: Well where is that situation?

[5] MR. HOFFMAN: Well, I can't give you any offhand, but I might—

THE COURT: Well you would be hard put to tell me where the few largest banks hold a small share of the business. How could they be the largest banks and hold a small share of the business?

MR. HOFFMAN: Well, in the abstract I might say that in a market where about three banks held perhaps twenty or thirty percent of the market, opposed to eighty or ninety percent; that would be a relatively unconcentrated market, but they would still hold more than any-

one else. But the point that we are trying to make is not to contradict your finding that the market is competitive; and we would draw that conclusion that—

THE COURT: Well that is right, you would say if I found it was a concentrated market, well, he in effect found it was anticompetitive because he said it was concentrated, therefore his finding that it was procompetitive is in error, I mean I understand lawyers, and I understand what you are driving at, but I just don't think that it is under the definition that Dr. Haywood gave, as far as a concentrated market is concerned, that this is a concentrated market, which means that it is a noncompetitive market. That is the way I understand it.

[6] MR. HOFFMAN: Again, your Honor, I think we would say that is combining two steps of reasoning into one.

THE COURT: Well I understand what you say, but then I understand also that what you also say is that if I find it is a concentrated market, then how could I find that it is a procompetitive market, and I know that is what you would say. I know that isn't what I found, and here is what Haywood said. We are talking now about concentration ratios, meaning how much one bank holds of the total business in the area, and that is what we were talking in which you either concluded it is a concentrated market or you don't, and I find in this instance, and the record clearly shows that Seattle-First has so much business, the Old National has so much business, and the Washington Trust has so much business of the total business in Spokane, and the record speaks for itself, so far as the amount of business each bank does, and I say that is a ratio, just as Dr. Haywood says, that is a concentration ratio, but does not necessarily mean that it is a concentrated market, as I understand the definition. And therefore I just don't think I could make that finding, in view of what I decided. That is my feeling about it. I will hear from the other side on it, because we are [7] going to go along on these one at a time. What do you have to say on that?

MR. MOEN: Well I think your Honor is correct. We think that these first four findings would be contrary to the findings that your Honor has already held, and certainly not necessary to explain your Honor's findings.

THE COURT: Well my analysis.

MR. MOEN: Your explanation of what concentration means.

THE COURT: Well concentration ratio and concentration itself are different to me. That is the way I feel about it. The ratio shows a large portion of the business in the hands of three large banks. And that it is a concentrated market means what?

MR. HOFFMAN: A concentrated market is a market in which the few largest firms hold a relatively high share of the total business. The definition of concentration as such has nothing to do with competition. Concentration is a structural measure that is purely mathematical.

THE COURT: Well then why do you want me to make the finding if it has nothing to do with competition?

MR. HOFFMAN: Well, the Supreme Court has held on numerous occasions that there is relationship [8] between concentration and competition.

THE COURT: That is just exactly what I assumed you were going to tell me. That is why you want that finding made, and then you just got through saying that a concentrated market has nothing to do with competition as such; the definition, you mean.

MR. HOFFMAN: That is right, the definition, the meaning of the word concentration, alone.

THE COURT: Well, but you don't take things alone, you take them together in a case like this, dont' you?

MR. HOFFMAN: Well we think the two can be separated.

THE COURT: Well if it is a concentrated market, then the presumption is that it is an anti-competitive market, isn't that the idea?

MR. HOFFMAN: That is right.

THE COURT: Well that is what I thought, and I don't make that finding that it is a concentrated market as such, I say the ratios speak for themselves; I just don't find that. I believe what Haywood says, that concentration ratio is one thing, but the concentration market is another. That is what I understand him to say, and I believe what he says.

All right, that should resolve that issue as [9] to whether or not I should make that finding. I just don't think I should, not the way I feel about the case, and what I did find, and what I understood Dr. Haywood to say, and I believe what he says. All right, now the next one is, the Washington Trust is a growing, financially sound, profitable, and capably-managed bank. Well, certainly I didn't find to the contrary as to that, so what is the issue about that?

MR. HOFFMAN: Well we think it would be advantageous for a reviewing court to—

THE COURT: Well they will already know that, because the testimony would support that, so why would I make that finding?

MR. HOFFMAN: Well, we believe such a finding would be relevant to the standard used in the convenience and needs defense. We really feel that is not really disputed by anyone, and it might be helpful to a reviewing court.

THE COURT: Well I just feel this way about that request, that that finding is not necessary to the decision that I made in connection with the granting of the application to merge. The issue is whether or not the merger would be pro or anticompetitive, and I found that it would be procompetitive; as far as convenience and needs issue is concerned, I found that that bank [10] could not serve some of its customers' requirements. I made that finding, and I didn't think that was necessary to the decision I reached, except to say that there was evidence of the fact they couldn't, but I didn't think that aspect, as I have previously stated, had anything to do with the pro or anticompetitive issue. You remember my saying that, don't you?

MR. HOFFMAN: Yes, I do. We thought that might balance the contents of finding Number 16—

THE COURT: What does Finding 16 say? It says that I find—well, let's see,—I find that the bank didn't have a high enough loan limit in one instance, didn't have an international banking department in another, there are several. The testimony of the witnesses I believe, and I found that the bank itself did not have the capabilty, because of its size, of servicing their needs.

They testified that it didn't, and I believe what they said. I think it is pretty well set on what I said when I made the decision, unless you can show me I made an erroneous —unless I drew an erroneous conclusion from the testimony, why I don't want to change what I then decided when it was fresh in my mind, knew what the testimony was and all.

I don't think Number 7 either; no, I won't find that either, because although that has happened perhaps, but I wouldn't find that with the way it was [11] done, so to speak. That is a blanket statement that I just don't agree with, the way it is set forth.

Number 8, why make that finding? The National Bank of Commerce is trying to get into the Spokane market by requesting permission to merge.

MR. HOFFMAN: Many of these we believe that the contents aren't really in dispute, and having them as specific findings would—

THE COURT: I don't think they are essential to the decision that I make, that is the issue here with me. They are not essential to the decision that I made in making these findings at all. If I make the findings they might be essential to a position you take that I was wrong, and you want to appeal the case and establish that I was wrong in my conclusions by having me make all these findings, but they are not essential to the decision that I made at all.

MR. HOFFMAN: Well we think they might narrow the—

THE COURT: No, I don't think they will. You think they might help the Circuit Court of Appeals to make a decision that I was wrong. Well they might, but I just don't make those findings, because they are not essential, and I just don't subscribe to them. As far as 8 is concerned, where is that helpful? Of course [12] they have an incentive to enter the Spokane market, they are making an application to merge with the Washington Trust Bank to get into the Spokane market. Where is the contest about that?

MR. HOFFMAN: Well the defendants have taken the position that they have no incentive to enter, other than by this merger.

THE COURT: Well, that is a different proposition, but they have always contended that they wanted to get into Spokane; by other means is something else again. I don't think that Number 9 is essential to the decision that I made at all.

No, and I won't go for 10 either, I don't think that is essential.

And I don't know about 11, there is no testimony one way or the other on that.

MR. HOFFMAN: I believe the two transcripts mentioned there contain testimony supporting that.

THE COURT: What.

MR. HOFFMAN: The transcript citation under 11.

THE COURT: What does that say; who testified to that?

MR. HOFFMAN: Dr. Haywood, and Mr. Selby, the regional comptroller, and we believe—

[13] THE COURT: That they each said that the establishment of a new commercial bank in Spokane, a new commercial bank, as I understand there, would not jeopardize the financial soundness or stability of any commercial bank in Spokane; Number 11, is that what you are telling me? Are you telling me that they said that?

MR. HOFFMAN: Yes.

THE COURT: I didn't understand the testimony, the import of the testimony of either Selby or Haywood to be in that direction; I don't know that they testified to that aspect did they? Am I wrong about that, Counsel?

MR. JOHNSTON: Your Honor, on cross examination Mr. Torre kept insisting, asking the witness whether a bank in Spokane would fail if another bank was permitted to enter the area, and the thrust of the questioning, and I think the proper thrust of the answers which counsel refers to here is that I think both Dr. Haywood and the other witness referred to conceded that probably no bank would actually fail, but that certainly didn't mean that it wouldn't create a jeopardy to them.

THE COURT: Well I remember them saying that they didn't think any would fail.

MR. JOHNSTON: And I think that is the reference to which counsel alludes.

THE COURT: No, I wouldn't make that finding. [14] A new commercial bank in Spokane, I don't know whether it would or it wouldn't jeopardize the financial, —it wouldn't help them any, whether or not it would jeopardize them I don't know. What you are trying to do is establish the fact that if the National Bank of Commerce went in with a sponsorship and then acquired it, that that wouldn't cause any of the banks that are in the Spokane market, it wouldn't jeopardize their financial soundness. Well I would go along with that if you would put it out in detail, and I will tell you why I would go along with it. If the National Bank of Commerce sponsored a bank in Spokane, de novo, and acquired it, a national bank of some character, and acquired it, I don't think it would have a great impact on the market anymore than what has happened with the Pacific National Bank of Washington. I just don't think it would amount to anything, anymore than they have, period, if that is what you are driving at; but I have already said that. No, I am not going to make that finding.

Now the next one, Number 12.

MR. HOFFMAN: Your Honor, this has to do with International Banking Service, all the various and sundry services that the National Bank of Commerce will introduce into Spokane.

THE COURT: Well I found as a basis of the [15] merger that the National Bank of Commerce would be competitive with the Seattle-First National Bank as far as international banking is concerned, as far as loan limit is concerned, et cetera, didn't I?

MR. HOFFMAN: I believe so, yes, your Honor.

THE COURT: Well that is right, and I did find that. Now this is supposed to lessen the weight of the finding that I made that it would be competitive with the Seattle-First National Bank, by showing that by introducing a competitive service.

MR. HOFFMAN: I really think this is consistent with that finding.

THE COURT: No, I just don't think I want to make that finding. I already found that they would bring in new services not presently offered by any other bank

except the Seattle-First National, and maybe some by the Old National; that is the way I feel about it, and that is the finding that I made, and I will stand on that finding.

MR. HOFFMAN: I think it is fair to state that all the rest of these findings all relate to convenience and need, and we think that they would assist a reviewing court in determining the evidentiary standards used on convenience and needs, which is an affirmative defense and as such must be established by [16] the defendants.

THE COURT: Well I have found previously that these people testified that this bank that they were doing business with did not on occasion adequately could not handle their needs. Now that is what they testified to, and that was what they were there for. And I found on the basis of their testimony there were convenience and needs established. It wasn't overwhelming, I agree, in that if they chose, I suppose, they could go and make application to the Seattle-First National Bank, change their account, which they would have to do, because Seattle-First is not going to service them without receiving some compensation for it, in the form of depositing with them, or something of the sort; and you want me to find that too, that they haven't made application to the Seattle-First for international banking services.

MR. HOFFMAN: We think that would go to the standard of proof involved, and—

THE COURT: Well I just think that I made adequate findings from my understanding of the testimony, to cover all these situations, Counsel, that you have presented to me and want me to make additional findings on. I just don't think that I need to; such as that Selby has no authority to grant or deny charters for [17] national banks. Well why would I make a finding like that? In the first place, anybody who is on the Circuit Court of Appeals already knows that; why would I have to find that. Anybody down there would know that the Regional Administrator would have no authority to grant or deny charters for banks, so why would I find that? Tell me, why.

MR. HOFFMAN: The findings adopted, 19 small B, Large C, no, that is not right—yes, that is right, large

C, states that you gave great weight to the testimony of Mr. Selby in finding that it is not reasonably probable that chartering a new national bank in Spokane will be granted in the foreseeable future, and—

THE COURT: Well I do that on this basis; not on the basis that Selby himself is going to grant a charger, but I give some credit to the fact that as the Regional Administrator he makes a recommendation to the Comptroller of the Currency. Now true, the Comptroller may overrule him, but if his recommendation and if his job means anything at all, it means that the Comptroller will give him an ear when there is an application made, and that if he isn't going to follow his recommendation, he ought to get rid of him and get somebody else in there whose recommendation he would follow. It is just like you people working for the Attorney General, you [18] have a man who heads up the particular division that you are in, I guess, and if he doesn't think what you tell him has any validity in connection with your duties and your job, then he should get other people in whom he has confidence, and I think that applies to Selby. And I think Selby is in a position to so testify. What you want me to find is that Selby's testimony is worth nothing, and I am not going to find that.

MR. HOFFMAN: That is not the import of that, but we think that it is at least possible on appeal there will be some issues to the weight that evidence of that sort is entitled to in making an ultimate decision—

THE COURT: On whether or not they could sponsor a bank in there?

MR. HOFFMAN: Well, on the ability of NBC to enter Spokane independently.

THE COURT: Well all the testimony that I heard in this case, as I recall it, indicated that unless NBC could go in on this merger, they were not going to go in, not in the way that you want them to, they are not going to go that way. That is the testimony that I heard, and they gave as their reason the fact that they didn't think they could do the kind of job that they wanted to do if they had to go in the way [19] you wanted them to go. And let's face it, you thought it would be a good

idea for them to go in that way, because then you think that would create competition in the market, you also thought it might be a good idea for them to go in by acquisition of one of the banks that is over there, regardless of the price they had to pay for it, because you thought that would be procompetitive, or you thought on the other hand that if they just stayed the way they are and just keep threatening to go in, that would be procompetitive. Now that is the way I understand your position. Either they sponsor a bank, or buy one out over there, or they stand in the wings; isn't that the idea? You would go for all three of those.

MR. HOFFMAN: That is right. We would prefer some form of entry by any of those three three, that we believe would be more procompetitive than the method that they have actually chosen.

THE COURT: I see. Well that is what I wanted to review with you. I found that as far as the testimony is concerned, I believe that NBC, and in light of what I know about the Pacific National Bank, and what that banker testified to, would not go in on either a sponsorship basis, or on a buy-out of the presently-existing banks over there that you say are [20] available if they want to pay the price. Of course there isn't any testimony that the banks are available, that is another thing, and I would have to speculate on that, but I suppose you can buy anything if you want to pay enough for it, I would be willing to agree to that. But I just don't see there is any way that I could make a finding that would support your claim in that area. I examined quite carefully those findings that were submitted to me and I approved, because I think they were in line with what I decided at the time, and that they amply covered the facts as I found them to be, who I believed, and they need not be enlarged. And if the testimony in the case does not support them, they can say so down at the Circuit. That is the way I feel about it. But I thought the testimony in the case adequately supported the findings that I made, and the witnesses that I believed. And I don't think I missed anything as far as the issues of the pro or anticompetitive effect, and the only reason I made the additional findings concerning the convenience and needs is

because there was testimony in that area, and I didn't think it had anything to do with the pro or anticompetitive effect, and I still say that, that the convenience and needs aspect of this is separate and apart from the pro or anticompetitive effect, save in the instance [21] where convenience and needs that will be—I mean the services will be available on the merger would make a procompetitive effect as between the new bank and the Seattle-First and perhaps the Old National. That is my finding. I just think that I adequately covered the waterfront in this case, Counsel, in the findings, and in the decision that I made. Right or wrong, I think the evidence supports it.

MR. HOFFMAN: Well, I guess that covers our findings.

THE COURT: I think that it does. I think that these additional findings in some instances would be contrary to what I think the evidence disclosed, and in some instances I don't think they are essential to the decision that I made at all, and I just don't think it would be appropriate for me to find as you requested.

MR. HOFFMAN: There is one more matter we would wish to raise.

THE COURT: All right.

MR. HOFFMAN: And that concerns the period during which the stay of the merger has been extended or continued. Plaintiff would like to request that the stay be continued during the full sixty-day period during which the plaintiff has in which to determine whether or not to appeal.

[22] THE COURT: Well here is my reaction to that. I have decided this case how long ago?

MR. HOFFMAN: January 31st.

THE COURT: Almost a month has elapsed since then. This thing has been pending for how long?

MR. TORRE: Since October of 1971.

MR. McLACHLEN: The Comptroller approved it in October of 1971.

THE COURT: Well, that is how long, about eighteen months. By now I think you should have made up your minds whether or not you want to appeal the decision;

let's get it on the road and let's appeal it or don't appeal it. I extended it until the 5th day of March, and that is it. If you want to appeal, I think you can make up your minds about it, and let's get it down to the Circuit. The unfortunate part about a situation like this is if you want to delay the inevitable, well maybe not the inevitable, but delay in making your judgment on it; what in fact will happen if you do file notice of appeal is that in my experience it takes quite awhile until this case will ever be decided at the Circuit level, or—

MR. HOFFMAN: Your Honor, I would like to point out that the decision to be made on appeal, is the decision whether or not to go to the Supreme Court.

[23] THE COURT: All right, you go directly to the Supreme Court of the United States in this case; how long it will be before that Court will ever, if they accept jurisdiction and hear it, decide it is problematic, but with the amount of work load that they have, and the complaint that the Chief Justice is making about the fact that they can't get everything before them decided because of the influx of business, it will be a long time.

MR. HOFFMAN: The reason I mentioned that, your Honor, is that on appeal to the Supreme Court, it is not taken lightly, and we find it a very difficult decision to make, in light of the fact that the Colorado case we are waiting for an opinion on and we still haven't gotten it.

THE COURT: How long ago was that appeal? How long ago did you take an appeal on that case?

MR. TORRE: The jurisdictional statement was filed at the end of last term, and the case was argued on the 22nd of October of last year and it is pending decision now, and we momentarily expect a decision to come down, since they haven't been sitting the last month.

Your Honor, I would like to make the point that our decision whether or not to appeal to the Supreme Court hinges directly on the decision of the [24] Supreme Court in the Colorado case, and without that decision we are unable to make a decision whether to file notice of appeal. So because of that pending decision we would ask for the full time to consider appeal in this case.

THE COURT: Well let me hear from Mr. Hartman on that.

MR. HARTMAN: Your Honor, I fail to see what that has to do with their decision as to whether they feel this case has been decided correctly or not.

THE COURT: You were in that case too, weren't you?

MR. HARTMAN: We did not participate in the trial of that case.

THE COURT: How come?

MR. HARTMAN: The Federal Reserve Board approved that merger, the holding company, rather than two banks coming together.

THE COURT: Well that doesn't even involve the same principle, does it?

MR. TORRE: Your Honor, the same issues that are involved in this case are involved in that case, the issues are identical.

MR. HARTMAN: No they are not identical. I know the convenience and needs were explicitly left out [25] of the other case.

MR. HOFFMAN: Your Honor, they are not identical, but they are very, very close.

THE COURT: Well this is no holding company situation.

MR. HOFFMAN: No, but the principles involved are almost identical, the legal standards are the same, and we are waiting to get some guidance from the Supreme Court essentially on the true state of the law on situations like this; and until we get that opinion, we don't know.

THE COURT: Well this case is very close to that Idaho bank case, it is not on all fours, but it is very close.

MR. TORRE: And it is as close as the Greeley, Colorado case, your Honor.

MR. HARTMAN: No, it is not; there is no convenience and needs.

MR. TORRE: Well excluding the convenience and needs factor, the intervenors agree that the issues of competition are identical.

THE COURT: Well I don't know the Greeley case, I haven't seen a decision in the case, what happened in that case? What did the District Court do in that case? [26] MR. TORRE: They ruled against the government's case, just as your Honor has ruled against us here. I won't go into the facts, but the only difference is that Colorado doesn't permit branch banking, and therefore expansion is by bank holding company acquisition, rather than by branching. That would be the only difference essentially; I mean we could split hairs and there would be all kinds of differences, I am sure; and the decision we have to make is in fact resting largely on the outcome of that case.

THE COURT: Well nobody knows when the Supreme Court is going to decide that case.

MR. TORRE: Well, your Honor, I feel certain that if we were given our time for appeal—

THE COURT: Well how long is that?

MR. HOFFMAN: That would be until April 14th.

THE COURT: Oh, no.

MR. HOFFMAN: In the alternative, your Honor, we would request that the period between the filing of the motion and today's argument be counted as a toll period for the running of thirty days, which would extend the stay until March 15th.

MR. MOEN: Your Honor, I will say that I think we may be entitled to some explanation as to what has taken place during the twenty-two days; but [27] I will say that if the Court saw fit to extend it to March 15th, which would be approximately an additional two weeks, in view of the fact that this motion that they have filed does start the appeal period over again, we wouldn't object to that.

THE COURT: All right, March 15th, that is fine.

MR. MOEN: I would like to say if I could, your Honor—

THE COURT: Yes.

MR. MOEN: This motion they have filed starts the appeal period running over again, another sixty days, and for that reason we are very anxious to get an order entered in this case immediately, to start this period

running, and for that reason I have prepared an order which denies all of their requests for additional findings of fact, and which I would like to submit to the Court at this time.

THE COURT: Well, I think it is an appropriate order, I have read it, and I will sign it. This is the 22nd of February, isn't it.

All right, I have just signed the order. The Clerk can make a minute order, I will make a stay until the 15th of March.

MR. HARTMAN: On the order that Mr. Moen [28] presented, I would like on behalf of the intervenor to join in that. I notice there is a place on the back for my signature.

THE COURT: Yes, sign it, sign the one that I signed.

MR. TORRE: If we file for appeal, do you wish to continue the stay throughout the appeal period, your Honor?

THE COURT: Well what difference would it make whether I did or not. You file notice, you have the right; I don't have to make an order, do I, in that case?

MR. TORRE: Yes, I think you should, your Honor.

THE COURT: Oh, you mean so they can't go ahead and start the merger, pending the appeal period, something of that sort?

MR. MOEN: Well we would want to be heard on that.

THE COURT: I beg your pardon?

MR. MOEN: I say if they want to do that, they would have to make a motion for it, and we would want to be heard on that.

THE COURT: Well I would assume you would, yes. I don't know what they will do, I can't anticipate [29] that, or what you will do; but then I would hear that back in our own district rather than here, and that would give you another trip to Tacoma from Washington.

All right, now if there is nothing further, court will be at recess.

(Conclusion.)

RICHARD J. TORRE
Attorney for Plaintiff
Antitrust Division
U. S. Department of Justice
Washington, D. C. 20530
(202) 739-3627

STAN PITKIN
United States Attorney
ALBERT E. STEPHAN
Assistant U.S. Attorney
Chief, Civil Div.
1012 U.S. Courthouse
Seattle, Washington 98104
(206) 442-7970

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

Civil No. 237-71C2

[Filed in the United States District Court, Western District of Washington, Mar. 30, 1973, Edgar Scofield, Clerk, By M., Deputy]

UNITED STATES OF AMERICA, PLAINTIFF

v.

MARINE BANCORPORATION; THE NATIONAL BANK OF COMMERCE OF SEATTLE; and WASHINGTON TRUST BANK, DEFENDANTS

and

WILLIAM B. CAMP, COMPTOLLER OF THE CURRENCY, INTERVENOR

NOTICE OF APPEAL TO THE SUPREME COURT OF THE UNITED STATES

NOTICE IS HEREBY GIVEN that the United States of America, plaintiff herein, appeals to the Supreme

Court of the United States from the judgment for defendants entered January 31, 1973, which was re-entered and became final upon the entry of the Order of February 22, 1973, denying plaintiff's timely motion for additional findings.

This appeal is taken under the Expediting Act, 15 U.S.C., Sec. 29.

Dated at Seattle, Washington, March 30, 1973.

/s/ R. J. Torre
R. J. TORRE
Attorney for Plaintiff

STAN PITKIN
United States Attorney

By /s/ Charles F. Mansfield
ALBERT E. STEPHAN
Assistant U. S. Attorney
Of Counsel for Plaintiff

1972

CERTIFICATE OF SERVICE

I, Albert E. Stephan, Assistant U. S. Attorney, hereby certify that I have on this day served the foregoing Notice of Appeal to the Supreme Court of the United States on the attorneys of record for the defendants and for the intervenor by placing copies thereof in government franked envelopes, addressed as follows:

R. A. Moen, Esquire
Graham, McCord, Dunn, Moen,
Johnston & Rosenquist
3900 Seattle-First National Bank Building
Seattle, Washington 98154

Jon D. Hartman, Esquire
Office of the Comptroller of the Currency
Treasury Department
15th Street and Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Daniel M. Gribbon, Esquire
Covington & Burling
888 - 16th Street, N.W.
Washington, D.C. 20006

and by depositing said envelopes in the United States mail at Seattle, Washington, for delivery as directed.

By /s/ Charles F. Mansfield
ALBERT E. STEPHAN
Assistant U. S. Attorney

Dated: March 30, 1973.

1973

SUPREME COURT OF THE UNITED STATES

No. 73-38

UNITED STATES, APPELLANT

v.

MARINE BANCORPORATION, INC., ET AL.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF WASHINGTON

The statement of jurisdiction in this case having been submitted and considered by the Court, probable jurisdiction is noted.

October 15, 1973

☆ U. S. GOVERNMENT PRINTING OFFICE: 1973 528170 135